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PES DEBATE ON PROGRESSIVE SOCIETIES

A European Employment and Social Progress Pact for fair growth Limiting and overcoming the employment and social crisis

PES Policy Paper adopted by the PES Council in Warsaw on 2 December 2010

The crisis, resulting from unregulated economic and financial globalisation, decades of belief in neoliberal laissez-faire economic policies, demographic challenges, a weak social dimension and the incompetent management by the conservative majority in the European institutions are threatening the future of Europe’s welfare states and our social model. Inequalities are rising, more than 23 million Europeans are unemployed, youth unemployment is skyrocketing, threatening the future of an entire generation, around 120 million people continue to live at the risk of poverty, are materially deprived or live in households without access to the labour market and large groups in society remain socially excluded. While the quality of life and the quality of work are worsening in many Member States, the social security systems become increasingly under pressure of being underfinanced and downgraded.

The solution to the multidimensional challenges to our welfare states cannot be found on the national level alone. Social policies need to be closely interlinked with employment policies, economic policies, industrial policies, fiscal policies, competition policies and innovation policies, all of which become increasingly integrated on the European level. Without a strengthened European Union and a strong social dimension of the EU emerging, we run the risk of creating a European single market, which serves the economy, but not the people. The Lisbon Treaty defines the European Union as a social market economy, but little progress has been made to live up to this promise. What is needed in Europe is not only a better coordination of national social policies, but also the adoption of a new fair growth model in which economic, social and environmental concerns are treated equally, with the long-term aim of reaching upward social convergence in order to avoid social dumping between Member States and consequently a race to the bottom.

Overcoming mass unemployment and social exclusion, while promoting fair, green and smart growth is a precondition for overcoming the crisis and represents our number one priority, guiding all our policy proposals and actions. Following up our electoral commitment in the 2009 election manifesto, we demand that a European Employment and Social Progress Pact for fair growth needs to be negotiated and adopted by EU institutions, national governments and social partners. It must comprise a number of concrete short-term, mid-term and long-term measures and initiatives for the European as well as the national and regional level in the following areas¹:

¹ A detailed list of measures and initiatives to be implemented in the framework of the European Employment and Social Progress Pact can be found in the Annex.

- 1. Creating new sustainable jobs**
- 2. Applying a different growth model**
- 3. Improving skills of European employees and strengthening innovation**
- 4. Implementing a European Industrial Policy for fair growth as fundamental pillar of the Single Market**
- 5. Increasing the quality of jobs and overcoming precariousness on the labour market**
- 6. Strong, high-quality, accessible and affordable public services**
- 7. Protecting and strengthening national social security systems**
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- 9. Improving and deepening integration**
- 10. Financing the European Employment and Social Progress Pact for fair growth**

In close cooperation with trade unions, social NGOs and other partners, the PES will fight for putting the adoption of a European Employment and Social Progress Pact for fair growth on the European political agenda. The Pact must be embedded in a number of economic reforms in the European Union, establishing a new macroeconomic growth model. The financial markets must be tamed and regulated, the flow of capital redirected into the real economy. A reform of the Stability and Growth Pact is of utmost importance in order to allow Member States to strengthen growth, employment and social policies. Furthermore, for the pact to come into force, numerous EU policies need to be realigned, amongst others in the field of social, employment, economic, single market, industrial, competition and innovation policies. Particularly relevant will be the implementation of the Europe 2020 Strategy. Weaknesses in the design of the strategy, in the integrated guidelines and the flagship initiatives need to be corrected as far as possible, especially by implementing a comprehensive mid-term review in 2015, and by developing progressive national reform programmes in those countries governed by progressive parties. Our member parties will advocate comprehensive strategies for employment and social progress to be adopted in each Member State, comprising concrete policies and based on measures contained in this proposal for a European Employment and Social Progress Pact for fair growth.

1. Creating new sustainable jobs

With more than 23 million Europeans currently unemployed, creating new sustainable jobs must be the key priority for the EU and the Member States. Especially young people must be offered an opportunity to enter the labour market, in order to avoid losing an entire generation to the economic and financial crisis. It is important to overcome long-term unemployment and low employment rates in a number of disadvantaged groups, such as youth, women, older workers and migrants. The potential for new job creation is enormous: retrofitting of houses, developing and installing renewable energy production units, spreading low carbon technologies, efficient and electric cars, strengthening public transport, smart urban planning, health and care services, personal services, business services, biotechnologies and nanotechnologies, creative and cultural industries and modernizing manufacturing sectors according to new standards of energy, design, safety and quality. While the service sector will remain important for job creation, strengthened efforts to create high-quality manufacturing employment will be necessary.

Job creation will not be possible without investments. Consolidating public finances is important, but excessive and hurried consolidation plans must not lead to a further increase of unemployment due to lacking funds and resulting sluggish growth. Existing European and national funds need to be redirected to labour intensive sectors. Financial markets need to be stabilised and reformed, through proper regulation and supervision, ensuring their correct functioning, reliability and resilience and a high level of protection of savers and consumers, redirecting financial flows

towards the real economy and guaranteeing a fair burden sharing of the crisis. Tax systems should be designed in a way that taxes do not have negative effects on jobs, growth, social cohesion, environmental integrity and entrepreneurship.

However, increased EU and Member State efforts alone will not be sufficient. The private sector will be crucial to overcome the crisis. Public support for banks should be conditional on restarting responsible lending to businesses and households. Against the trend of an ever-growing taxation of labour in the European countries, taxes must be redirected towards capital, financial speculation and environmental pollution. Companies should be further encouraged to adopt Corporate Social Responsibility initiatives, placing greater emphasis on workforce retention and investment in the company's future, instead of short-term shareholder dividend payments. Those companies receiving state aid should be made to reimburse it in cases where they have laid off staff while at the same time using their financial resources to pay dividends to shareholders or buy company shares to increase share value or if they relocalise their activity to benefit from fiscal dumping.

The full potential of green growth for the creation of millions of new jobs in Europe should be used. While the use of energy and raw material constitute around 40% of the costs of Europe's products, labour costs only make up around 20%. Increasing the energy and raw material efficiency of European manufacturing and services will make European companies more competitive, while reducing the pressure to lay-off workers or to reduce wages. The necessary political measures to create millions of new jobs in the green growth sector are laid out in the PES green growth policy paper, to be adopted at the PES Council in Warsaw in 2010.

Flexicurity is promoted by conservatives and liberals on European and national level as silver bullet for strengthening economic growth. However, their failure to understand the concept of flexicurity has far-reaching effects on the quality of work in Europe. Flexicurity will not work if more emphasis is paid to flexibility than to security. Especially in the aftermath of the crisis, strengthened flexibility without strengthened security will lead to more unemployment and more poverty, threatening demand and putting the public households under additional pressure. Instead, employees need to be supported in the process of changing employers and changing working environments. Every person becoming unemployed should be offered a job, re-training or a socially useful activity, with a decent remuneration, in a reasonable time.

As unemployment is set to increase further across Europe according to official forecast, measures to avoid large-scale layoffs and to maintain viable jobs must be introduced. The potential of social economy enterprises in maintaining existing jobs should be supported: social economy enterprises have shown resilience to the crisis than other forms of enterprises and are particularly fit to maintain jobs thanks to their internal solidarity mechanisms and lack of speculative profit-making. With the EU setting up ambitious targets such as to raise the employment rate for women and men aged 20-64 to 75% by 2020, social economy enterprises should be better supported. In several Member States, internal flexibility instruments have proven to be successful, especially introducing short-term employment for a limited period of time and promoting working time accounts. Lay-offs must remain the absolute last resort. Workers losing their job need to be protected by rules for companies to support re-skilling and new placement of workers.

In order to magnify the spill-over effects on growth in the European economy, Member States should coordinate their economic, fiscal, budgetary and employment policies, including public investments, fair and effective tax incentives and incentives for private investments, according to such a common set of priorities. The recent developments of the crisis in Europe have shown the extremely high cost of non-cooperative national strategies. Protecting European public goods –first and foremost social progress and economic prosperity - requires a strong degree of European macroeconomic coordination. The precise national policy mix should be decided according to criteria of effectiveness and fairness and to national specificities, notably the parameters of the Stability and Growth Pact and new parameters linked to the macroeconomic governance, like level of unemployment or social expenditure. The projects to be supported should be timely, targeted,

have an immediate impact on job creation and be consistent with long-term goals. Public procurement rules should also be adapted in order to speed up the implementation of projects.

2. Applying a different growth model: fair and sustainable growth

The growth model, which has been applied to Europe's economies over the past decades, needs urgent reform. While productivity has been multiplied by four over the last 30 years, the benefits shifted dramatically from labour to capital. The objective should not solely be the accumulation of material resources – measured by GDP. A balanced growth of all dimensions of well-being should be the aim of European and national policies, leading to more social cohesion, ensuring the preservation of an intact nature and sustainable economic growth. This requires a new political thinking: the well-being of human beings should be the overarching policy objectives. The well-being of Europe's economies must remain a key political priority, but rather as a tool to reach a fairer society and not as an objective in its own meaning. Therefore, a social progress clause should be introduced in every piece of European legislation and social and environmental impact assessments should be taken into account when developing European legislation. Additionally, the European treaties should be adapted in the mid-term, by introducing a social clause, ensuring that European Union policies and programmes have positive social and environmental effects and that economic freedoms do not overrule workers' rights. To achieve social progress in Europe we push for an agreement on common goals and standards for national social and educational expenditure as a proportion to the GDP of each country. In this way a process of common social progress could be initiated while at the same time preserving the traditions of the national social systems and the sovereignty of each Member State.

For Europe to compete on global markets, while providing more and higher quality jobs and overcoming social divides, knowledge-driven growth must be achieved. Competing on the basis of low social and environmental standards with emerging and developing countries is no option. Europe should, on the contrary, base its competitiveness on high skills, productivity, and innovation in a knowledge-driven economy. While a lot of attention has been paid to strengthening services, future efforts also need to focus on upgrading our manufacturing sector and developing knowledge-driven industries.

The Europe 2020 Strategy has so far not contributed to defining a new growth model. In the framework of implementing the Europe 2020 Strategy, a new indicator for growth, taking into consideration the social and environmental dimension, needs to be developed and it must become the yardstick with which to compare the performance of Member States. The "Report by the Commission on the Measurement of Economic Performance and Social Progress" by Joseph Stiglitz, Amartya Sen and Jean-Paul Fitoussi as well as similar studies can be used to develop these indicators. The European and national budgets as well as incentivising private investments needs to be adapted to this new growth model.

3. Improving skills of European employees and strengthening innovation

The current crisis should be turned into an opportunity to prepare Europe's economies and the employees for the future. Newly created jobs and existing jobs will require higher skill levels than many employees and unemployed currently have. Europe's social and economic success will therefore depend on radically re-skilling the labour force. Thus, future trends in the labour market must be carefully analysed and feed into a renewal of education and training policies. For example, climate change will lead to less employment in the fossil energy sector, while new jobs will be created in the production of wind and solar energy. Demographic change will increase employment in the health and care sectors. These sectors should also be valued for their contribution to society's welfare. Thus, proactive policies should support the transformation of the European economy, in the interests of Europe's citizens and residents. Providing security in transition will be fundamental.

A key challenge for Europe's industry is to be more innovative than other world regions. This requires a forward-looking policy of closely coordinating innovation, competition, industrial, education and employment policies on European, national and regional level. In a first step, employment developments across all sectors should be mapped for the entire European Union. In close cooperation between European, national and regional administrations and together with the private sector and trade unions, models predicting the destruction of existing jobs and the potential for creating new jobs should be developed across all sectors. Similarly, the new skills needed for existing and future jobs must be mapped. Secondly, the competences of the European citizens need to be assessed and shortcomings with a view to future skill-needs analysed. Thirdly, these results should be used to update and to improve education and training policies across the EU. Additionally, to strengthen innovation, working conditions need to be improved. Ownership of companies by the employees, co-decision, consultation and information should be strengthened. Networks for innovation and job creation need to be established, involving companies, universities and technological institutions. Innovation should not only be considered as technical but also as managerial and social. The implementation of indicators such as social indicators should therefore be promoted.

A special focus must be placed on youth, which is severely effected in most Member States. Education needs to be improved and employment opportunities for young people need to be created. Every young person in Europe should be offered a youth guarantee, enshrined in European legislation, which guarantees every young person to receive further education, training or a job at the latest four months after leaving the school. It is fundamental to raise the level of basic education, by taking steps against early school leaving and providing more support for children from disadvantaged backgrounds to finish their secondary education. There is also an opportunity to continue to raise the skills levels of young people, by supporting school-leavers into vocational, further and higher education. Education and training programmes must be reformed and strengthened to provide the general and tailored education needed to enable all young people to thrive and contribute to an innovative, knowledge-driven low carbon society. Discrimination and access barriers that prevent educational inclusion should be tackled. It is crucial to break down existing stereotypes when guiding young women and men from all backgrounds in their study choices in order to eliminate resulting labour market segregation and to create gender balance representation across all sectors. Therefore cuts on education are unacceptable. We need to overhaul our education and training systems so that they do not repeat and confirm existing inequalities, but make sure that they are as inclusive as possible. We need good structure of second chance education and training so that low-skilled people can enter into lifelong pathways.

Mobility in education and employment, which impart important new transferable knowledge and skills in young people, should also be supported through European mobility schemes – like Erasmus – and by improving the recognition of diplomas and other degrees. The transition of young people from education to the labour market should be supported through specific programmes, such as internship and apprenticeship schemes, which raise employability and offer a clear and direct entry point into the labour market. Discrimination of young people who are everyday more subject to employers' pressure to accept atypical contracts or repeated internships, undermining again the sound financing of social security systems should be avoided. A European directive on minimum criteria in internships should be introduced, which stipulates that internships must demonstrably be different from a regular job, contain an educational constituent be remunerated in a monetary way and valorised in the form of ECTS (when the intern is enrolled in formal education). The regulation must define minimum compensation levels that are in line with agreed minimum incomes and that avoid exploitation of young workers.

Active support to lifelong learning needs to be offered by the European and the national levels. Public and private investments should be radically scaled up to extend access to and increase the labour market relevance of lifelong learning systems. Companies must take their fair share of responsibility in paying for lifelong learning. Public policy must especially address the core problem of lack of access to lifelong learning opportunities amongst low-skilled workers. A European

network to support learning organisations, up-skilling in companies and public service strategies for lifelong learning must be developed, including tailor-made methods, validation and compensation of the learning outcomes. Furthermore, formal education must be available for people of all ages and should be part of lifelong learning systems. Special attention must be paid to provide necessary protections to older workers and to encourage active aging, by allowing them to pass on the skills they have acquired over a lifetime to new generations.

4. Implementing a European Industrial Policy for fair growth as fundamental pillar of the Single Market

Europe's economy cannot prosper without a strong industrial sector. Becoming a knowledge based economy must not be mistaken with becoming a purely service based economy. Looking at Europe on the whole, economic growth, employment and wealth still depend very much on a strong industrial sector. In the aftermath of the crisis, the effects of reduced industrial production on the service sector, on the labour market and on public budgets became apparent.

Answering the challenge of strengthening the industrial sector requires a paradigm shift: laissez faire policies have been proven to fail in the past years. The competitiveness of European industry decreased, production was outsourced to other continents and the pressure on the labour market and social security systems increased. What is needed instead is a proactive European industrial policy, based on two pillars:

- I. Improving framework conditions for Europe's industry in general, for example by supporting the greening of the economy, providing high quality infrastructure and equipping the workforce with new skills.
- II. Analysing the opportunities and restructuring needs in each sector and – in close cooperation with the national and regional levels - developing the necessary support tools for enterprises in each sector.

The development of a proactive industrial policy is crucial for sustainable and qualitative growth. It must be servant of human and societies' progress by contributing to the creation of new, decent jobs, strengthening the economic capacity of Member States, to the consolidation of their budgets and providing affordable and high-quality products to European consumers. More research on the future development of industry is needed, including a mapping of future job developments in the different sectors. Education, training and innovation policies as well as public and private investments, including the EU budget and spending priorities of the European Investment Bank, need to be adapted to the future development scenarios.

A key challenge for Europe's industry is to be more innovative than other world regions. This requires a forward-looking policy of closely coordinating innovation, competition, industrial, education and employment policies on European, national and regional level. European citizens and employees need to be prepared for innovation, by increasing their skills and improving working conditions. Support for R&D must be increased by direct subsidies, tax cuts, access to specific loans and other financial means. Support is needed to transform R&D success into new market-ripe products and services to cope with new needs. Innovative enterprises, especially SMEs and social economy enterprises need to be supported.

Reducing wages is not a sustainable path to a more competitive European industry, since Europe will not be able to compete with developing and emerging countries on the lowest wages and weakest social security systems, but needs to invest in highly motivated and skilled workers producing high-quality products. In order to encourage employees to contribute to the success of their company, workers' rights need to be strengthened and working conditions improved, for example by strengthening health and safety legislation as well as by improving education and training, co-decision, consultation and information mechanisms.

Transforming Europe's economy into a carbon-free economy will be crucial for the future of the industrial sector. While labour costs constitute 20% of the costs in Europe's industry, the use of resources constitutes 40%. Instead of continuing to lower wages, more emphasis must be put on reducing the use of energy and resources thereby making the European economy more competitive. Tighter standards for resource efficiency need to be set on the European level. Information on options to increase the efficiency of production, support for the necessary training of employees and direct financial support for front-runners is needed. The green technology sector is growing fast despite the crisis and has a potential to create millions of new jobs and to contribute decisively to the economic growth of the European Union. Renewable energy, energy efficiency and recycling technologies need to receive increased support. Employees need to be supported by means of training, re-skilling and higher association to the governance at the work place.

Europe's industry needs a high quality infrastructure, including stronger trans-European energy and transport networks. Transporting resources and goods throughout Europe in a fast and cheap way, without having negative effects on the environment and the well-being of citizens, must be a key priority and requires much more private and public investments as well as an ambitious regulatory framework. A special emphasis must be put on upgrading Europe's high-speed rail network. The positive experiences with common European industrial projects such as the EADS, Airbus and hopefully soon Galileo, must be used to develop and finance new common European industrial projects.

Progressive trade policies are essential for the success of Europe's industry. Globalisation and the opening markets and globalisation have had enormous advantages for the export of manufactured goods. However, for all people in the north and south to profit from globalisation, fair trade must become the rule, rather than the exception. To achieve fair trade it is not only necessary to reduce market restrictions but also to set social and environmental standards for European companies. Companies which cannot prove that they did not use child labour for the production of their goods should no longer be eligible for subsidies or government contracts and should not be invited to go along on trade missions. Companies are thus encouraged to adopt corporate social responsibility. A global race to the bottom of welfare and living standards needs to be avoided. The EU should support developing countries to strengthen social and environmental standards and provide market access for social and sustainable products from developing countries which will benefit citizens and workers in emerging and developing countries. This would also protect Europe's industry from imports, which are only competitive because they have been produced by exploiting workers and destroying the environment. The fiscal tools at hand can also be used to develop these objectives. Concretely, a social clause must be introduced in the framework of EU bilateral and multilateral trade agreements. This clause has to be based on ILO criteria regarding decent work.

Small and medium size enterprises are the driving force of Europe's economy. Support must be given for innovation, greening, job creation and modernisation of equipment. Bottlenecks related to the development of SMEs, for example complicated and expensive patent schemes, need to be overcome. Improved access to affordable and high quality public services, such as broadband internet access, needs to be provided.

The implementation of restructuring processes must be better monitored. Planned mass lay-offs should be submitted to a stronger supervisory scheme, ensuring that all other alternatives, like intelligent work sharing, have been exhausted. Restructuring processes which are inevitable should be supported through targeted social plans. The social partners must be directly involved in the drafting and monitoring of such plans. The European Globalisation Adjustment Fund should be deployed to the fullest, in cases of substantial lay-offs, in order to develop, in collaboration with social partners, alternatives for workers and reintegrate them into the labour market within a short period of time. Companies that receive state aid should be made to reimburse it in cases where they have laid off staff while at the same time using their financial resources to pay dividends to shareholders or buy company shares to increase share value or to relocate to benefit from fiscal

dumping. The development of the social economy in Europe – which, for example, currently employs over 5 million people in cooperatives – should be supported by introducing a European statute for associations, mutual societies and foundations.

5. Increasing the quality of jobs and overcoming precariousness on the labour market

Many of the newly created jobs in the past have been of very low quality, working conditions and workers' rights have deteriorated and precariousness has increased. Already 15 million Europeans belong to the constantly growing group of the "working poor". With a view to the enormous social challenges in Europe and to the need of strengthening Europe's global competitiveness by supporting innovation and high quality products, more equality and decent work in Europe needs to be guaranteed. European standards on the protection of workers need to be strengthened. An important challenge is to improve the quality of work contracts, introduce stronger co-decision for workers, better health and safety standards and to limit working hours.

Wage developments must be closely monitored, ensuring support for wage levels as a vital component for maintaining and increasing demand for successful economic recovery. The social partners have a crucial role to play in ensuring fair and sustainable wage levels during the recovery and long-term positive wage developments. Common principles could also be agreed between the social partners at the European level, based on the dual need for wages to be aligned with productivity gains and protect purchasing power. Competitive deflation strategies based on wage moderation must be prevented. While respecting national traditions and the autonomy of social partners, Member State governments should play a proactive role in monitoring and supporting wages, acting against wage inequality – such as the gender pay gap -, and negotiating decent public sector pay. Wage reduction schemes, which have been introduced during the crisis to prevent lay-offs, should be phased out.

We need to overcome wage inequalities. While the wages of top managers have increased in recent years by an average of two percentage points, wages at the lower end of the scale have stagnated. Executive pay policies must be revised in the interests of fairness and to reflect long-term economic performance.

In order to tackle the problem of working poor and to contribute to rising demand, a European pact for minimum wages should be introduced, stipulating that EU Member States ensure that all workers and employees receive a wage above the poverty threshold, either through collective bargaining or by law, while ensuring compatibility with, and respect for, national traditions and praxis and the autonomy of social partners. A process of upwards convergence of the lowest wages should be promoted through the Open Method of Coordination.

Recent cases of the European Court of Justice (Viking, Laval, Rüffert and Luxemburg) have raised concerns about the conflict between social rights and economic freedoms. The European Court of Justice understood the European legal base and secondary legislation in a way that economic freedoms take precedence over social rights, even though the European Parliament made it clear that it does not share this view. Consequently, social progress clauses should be introduced in every piece of European legislation which should be implemented by the European Commission.

Of enormous importance for supporting social cohesion in Europe is a revision of the Posted Workers Directive, ensuring that the rights of posted workers are adequately protected and guaranteeing equal pay for equal work at the work place. The revision must ensure that social rights prevail over economic freedoms. The rights of companies to offer their services throughout Europe should not overrule the right of workers, trade unions and Member States to negotiate, conclude and enforce collective agreements. The directive has to regain its characteristic of providing minimum and not maximum standards: as long as measures are not discriminatory, Member States may decide on additional mandatory rules and provisions applying to all workers

and employees working on its territory. In order to allow for the proper implementation of the directive, prior notification and mandatory registration must be qualified as proportionate instruments to control the regularity of posted workers. In the same context, in EU trade agreements with non-European countries concerning services, posted workers must be protected and treated equally and monitoring and sanction mechanisms need to be developed.

Wage discrimination within the EU must be overcome, based on strict regulation, such as compulsory pay audits. The implementation of the EU Directive on temporary agency worker must be closely monitored, ensuring that temporary agency workers are not paid less and treated equally than permanent staff. Additionally, the EU should come forward with specific targets to reduce the gender pay gap; for example by policies supporting women entrepreneurs and boosting quality jobs for women. Unpaid work which is not based on volunteering, including unpaid internships, must be outlawed and European minimum standards for contracts must be set, including a limitation on the number of sequential fixed term contracts. In order to facilitate the reconciliation of work, private and family life for women and men, a new, progressive agreement on revising the Working Time directive needs to be found, in order to limit working time to a 48 hour average working week in the entire EU, notwithstanding the opportunity for Member States to impose a lower maximum.

6. Strong, high-quality, accessible and affordable public services

Access to high quality and affordable public services is not only a precondition for fair, green and smart growth, but also for the quality of life of Europe's citizens and residents. Whereas the role to provide for services of general interests and especially of social services of general interests should remain with the national, regional and local level, rules on the European level are necessary to avoid that European legislation undermines the quality and accessibility of public services and that a certain minimum standard for all European citizens is guaranteed.

A European legal framework for public services should be adopted. A European framework directive on services of general economic interests (such as transport, energy and communication networks or social housing) should be brought forward by the European Commission, which guarantees universal and equal access for citizens, high quality of these services, local autonomy and transparency. It should be clarified that not the costs of public services, but their quality and accessibility for all citizens must be the foremost criteria for selecting providers for services of general economic interests. Public procurement rules need to be adopted accordingly. Common rules on quality, accessibility and affordability should also be defined for non-economic services of general economic interests (education, health, security). European legislation, such as competition and state-aid rules, need to be mainstreamed in order to avoid negative effects of the ability of national, regional and local authority to provide non-economic services of general interests, especially social services of general interests.

7. Protecting and strengthening national social security systems

The financial and economic crisis and its long-term effects pose an enormous threat to Europe's social security systems. On the one hand, it led to a large increase of unemployment, poverty and social exclusion. On the other hand, due to the rapid decrease in tax revenues, the increase in spending on welfare benefits due to automatic stabilizers kicking in, and counter-recessionary investments, the crisis increases the pressure on national budgets and therefore on social security systems. While the conservatives and liberals are happy to use the crisis as a pretext to slash the welfare states, socialist and social democratic parties must face up to the challenge of strengthening welfare states, while consolidating public finances and honouring the work first principle: welfare systems should be designed to promote people to work, not in order for people not to work. Market fundamentalism has failed and highlighted the essential role of active government to protect people's rights and guarantee that general interest prevail over vested interests.

Access to social security must remain universal and be equal. Targeted policies must be established or reinforced to support those most affected by the crisis, including those with the lowest incomes, at risk of home repossession, lone-parent families (mostly headed by women), the young, and pensioners. To ensure that also those who are excluded from the labour market can afford a decent living, a European framework directive on minimum income schemes should be adopted, stipulating that such schemes be established in all Member States and defining minimum criteria on adequacy and accessibility. Further measures to provide income support (for example cuts in the social protection contributions to be paid by low-income employees, targeted tax cuts and improved access to loans) and policies to ensure the affordability of basic goods such as electricity and gas need to be implemented. The European structural funds and cohesion fund could be used to co-finance some of these measures. Increased efforts are needed to ensure the social integration of people with disabilities, for example by implementing the Convention on the Rights of Persons with Disabilities and its Optional Protocol tackled in the framework of the rolling EU Action Plan on mainstreaming of disability. The quality of and access to public services needs to be increased. Special measures need to be developed for those who have lost their job and who benefit from few social rights. Temporary agency workers and those on short term, flexible contracts need to have proper access to social protection and active labour market policies.

Employees need to be supported in the process of changing employers and changing working environments. The securities needed in each type of professional transition over the life cycle need to be specified and provided. Social security systems to protect employees during transition need to be strengthened, otherwise they will rightly remain hostile to increased flexibility. These schemes should be partly financed by the employer, and should operate by ensuring a job, re-training or a socially useful activity, with a decent remuneration, to each unemployed person. Leave schemes supported by learning accounts or training vouchers for workers in need of re-training to move to new jobs should be created and promoted.

The provision of social housing to those in need will be vital to protect people from the social and employment consequences of the crisis. Construction projects in the social housing sector could serve to extend provision – in those Member States where there is a shortage of social housing – and create new jobs. Refurbishing houses and increasing their energy efficiency will play a key role in reducing energy poverty and achieving the EU's energy efficiency targets.

An enormous challenge for the European Union and all Member States is ensuring adequacy and sustainability of pension systems. Although the questions on the right balance between different pension pillars (public, corporate, private) will be answered differently in the EU Member States, some general principles should be agreed: Public (first pillar) pensions on the basis of pay-as-you-go or funded schemes, must remain the backbone of our pension system, even if they come under increasing pressure of demographic change and tight national budgets. Public pension schemes are an expression of the fundamental value of trans-generational solidarity, and contribute to overall social cohesion. Corporate pension schemes still play a small role in many Member States and have not yet been adapted to a changing working environment, in which only few employees work their entire lifetime for the same employer. These schemes should be strengthened by increasing the responsibility of employers for the pensions of their employees. Loopholes allowing companies owned by private equity and hedge funds to withhold the right of corporate pensions from the employees must be closed, if necessary by European legislation. Private pension systems play an important role in most Member States. However, contrary to what the green paper of the European Commission (July 2010) suggests, there is little evidence that strengthening private pensions on the costs of public pensions will help solving the challenges pension schemes are currently facing.

The first priority for all Member States and the European Union must be to increase the number of employees who pay social security contributions and therefore to improve the quotient of those paying into pension schemes and those receiving benefits. Minimum standards for contracts and the inclusion of entrepreneurs in public pension schemes will significantly broaden the base for

social security contributions. Most of the policies contained in the PES European Employment and Social Progress Pact will lead to such a development: strengthening job creation, active labour market policies, a proactive industrial policy and integrating women as well as migrants into the labour market.

Instead of enforcing an increase in the retirement age, which is a trend in some EU member states and in the European Commission's pension green paper, working conditions must be improved and incentives to work longer should be given to those who want and can. The retirement age should be increasingly flexibilised, depending on the sector, on the overall employment situation for elderly people, severity of working conditions and on the number of years worked. Following the success in some Member States, more emphasis should be put on the voluntary extension of the retirement age, including increased pension payments, rather than enforcing obligatory retirement age extensions. Involuntary early retirement should be tackled by strengthening health and safety standards and improving working conditions. Workers should be supported to work longer by creating specific jobs tailor-made for their skills and needs, by flexibilising their working time and strengthening telework. Discrimination against women, who have shorter professional careers, whose careers are more often interrupted and who are more often part-time workers, needs to be avoided.

Throughout all three pillars of pension schemes, the consumer protection needs to be improved. Those contributing to the pension schemes – independent of whether through direct payments to public or corporate pension schemes or through their taxes – should be informed about the nature of the investments and the risk linked to the specific financial product. All citizens should be protected against the loss of their pensions, which notably implies a tight regulation and control of public and private funds' portfolios. Investing pension funds into the green economy should be directly supported. A safe option to invest pension funds, which would also provide additional benefits to the European economy, are large scale investments of pensions into Eurobonds², which could be used to finance investments for the recovery and structural changes. Furthermore, a European pension warranty as a back system could be considered. These measures would also contribute to stabilising the financial market and redirect financial means into the real economy.

Since an increasing number of Europeans work in a different EU countries over their lifetime, the portability of pensions needs to be ensured by revising the European legal framework and also taking into account shorter working periods.

In order to avoid large proportions of Europe's elderly slipping into poverty, minimum criteria for the adequacy of pensions should be considered, for example through the introduction a European legal framework defining minimum criteria for pensions. The minimum level of pensions could be set as proportion of average salaries or in accordance with the minimum wages or minimum incomes defined in each Member State. An upwards convergence of minimum pensions should be ensured through the Open Method of Coordination. The gender dimension must be taken into account in the European legal framework: women's lower pension schemes are affected by their 'forced' career interruption during the maternity leave, shorter professional careers or as a consequence of part-time work. Besides, women on the one hand tend to be employed in lower paid jobs, thus having lesser resources for pension schemes (public or private) and on the other hand they still often depend on traditional pension schemes in which they depend on their husband's pension.

The health of European citizens should not be for sale. The conservative and liberal tendencies to privatise health systems, to introduce a two or even a three class health system which discriminates people from low-income households and to put the interests of the health industry ahead of the concern to ensure a good health of Europe's citizens have disastrous effects on the

² PES: "A Matter of Urgency: A New Progressive Recovery Plan for the European Union - The need for a new effort", 24th April 2009.

wellbeing of Europe's citizens. The quality, accessibility and affordability of the Member States health care schemes need to be improved. The role of the European Union in health policies is likely to remain limited. The provision of health care to those staying or living in a different EU country than that of their origin, needs to be assured, without endangering the sustainability of the national health systems by "health"-tourism.

In order to sustain and strengthen European social protection systems, tax policies should also be reformed and new financial instruments introduced. Furthermore, the structure of governments' revenue must be reorganised away from the taxation of labour and towards the taxation of capital. New redistributive policies must be one of the answers to the crisis: those who are financially well off must contribute more to the functioning of the state and therefore of the economy, while taxes and social security contributions of low income households must be reduced. The income and capital taxes for the wealthiest part of society should be increased and the progressivity of tax schemes strengthened.

8. Taking gender equality as an asset

Despite decades of emancipation and social democrats fighting for progressive women's rights, gender equality remains far from being reached. The current European right wing dominated political context as well as the crisis have established a conservative backlash and reverse trend in terms of progressive women's rights achievements and improved gender equality policies. The crisis must not be used as pretext to neglect or encourage further inequalities to emerge. We thus have a strong responsibility in putting gender equality at the heart of all our policies.

In 2008, the first wave of unemployment hit mostly male dominated sectors such as the financial sector, the building sector and the car industry. The current and second wave of unemployment and long-term consequences of the crisis affects mostly women hitting the outsourcing services (80% of them occupied by women) and the public service (female dominated). The outsourcing services are based temporary and/or short-term contracts, which are the more vulnerable and unstable in times of crisis, leaving women with little or no social and economic security. The public services are suffering employment and expenditure cuts due to the austerity measures as part of EU and national fiscal consolidation plans emphasising tax cuts and public spending cuts.

The negative consequences of the crisis do not only affect women's participation on and access to the labour market, but also women's economic independence, women's social responsibilities as well as family situation and the gender equality gap.

8.1. Women's economic independence

An important challenge to guarantee women's economic independence is to overcome the gender pay gap. The gender pay gap is not only an issue of salary difference between women and men, but is a result of different gaps on the labour market such a sectoral segregation, part-time jobs, the effect of the glass ceiling, the lack of private-work reconciliation solutions and the lack of recognition of women's place and rights in society. Women still represent a majority of part-time workers, of lower-paid workers and care takers in the family context. While women represent 60% of university degrees, women are still under-represented in decision-making posts.

Over thirty percent of women (compared to only 7% of men) work part-time either out of choice or out of necessity to balance family and private life due to a lack of childcare facilities. Although part-time employment can help women in combining private life and work responsibilities, it limits them in gaining economic dependence because of lower salaries and pension schemes or limited possibilities in gaining professional experience and responsibilities.

Therefore good quality, affordable and accessible childcare should be a priority to give both women and men the possibility to find an equitable balance between work and private life. Apart from the childcare support, care taking responsibilities should be equally shared between women

and men through funded maternity, paternity and parental leave schemes as well as flexible working hours, limiting the burden of care taking on women's professional careers only. Norwegian and Icelandic models have shown that a take-it-or-lose-it paternity leave system encouraged 90% of fathers to use the time off to balance better their responsibilities. We therefore need a strong EU directive regulating paternity leave.

Another important challenge to guarantee women's economic independence is increasing women's employment in all sectors and at all levels including in the financial sector, new green technologies and development and research. Besides, the care sector - an ever growing and important sector in our aging society - should be re-valued through increased investment and better working conditions attracting both women and men to enter the care sector.

Women's economic independence also relies on the opportunities and the access to higher positions on the labour market. We need to stimulate specific women's life-long learning, training programmes and education in order to guarantee women's career promotions and competitiveness on the labour market. We need to break stereotypes and encourage gender equal representation in all sectors and at all levels. Therefore gender mainstreamed education and employment policies, including in school curricula, are essential.

Another measure to guarantee a real reduction of the gender pay gap is proper and frequent monitoring and measuring of salary developments in the EU Member States. The EU should agree on the target to reduce the gender pay gap from 17,4% to 7%. Considering the different Member States' pay gaps, every Member State should aim at decreasing the gender pay gap each year by at least one percentage point.

8.2. Women's participation at all decision-making levels

An important method in ensuring women's participation in decision-making levels and an essential step in achieving gender equality, economically and politically speaking, is the introduction of quotas.

The Norwegian model has proven that the introduction of a quota of 40 % of women in company boards, has not only lead to gender equality but also to greater social and economic benefits and turn-overs. French and Icelandic financial companies lead by gender balanced executive bodies proved to be less affected by the crisis as they had more balanced and long-term and less risk taking approaches. Therefore introducing gender quotas in company boards across Europe should be introduced.

Also political decision-making lacks still a significant representation of women. With only under 25% of women in national parliament and 35% at the European Parliament, we need to introduce quotas and/or zip systems in our electoral systems to guarantee on the one side a more democratic representation and on the other women's participation in policy making and political decision-making.

8.3. Gender Budgeting

Gender budgeting allows national and European budgets to flagship specific initiatives and policies that encourage women's rights and gender equality. Based on the Austrian model, EU Member States should implement such practice to guarantee that even in times of economic slow-down, gender equality issues and progress are not shifted aside. Flagship initiatives compromise employment, educational and social programmes. But we should not forget that women's rights and place in health policies (including sexual and reproductive health rights) and combating violence policies (trafficking, sexual exploitation and domestic violence) contribute towards women's empowerment and economic independence.

9. Improving and deepening integration

The ongoing and growing inequalities and increasing movement of people between Member States require an improved and deepened integration approach in all EU Member States. If the EU wants to avoid further deterioration of social progress and inclusion and increase a common project for a social Europe, the EU needs to implement better - and across all areas - integration policies be it at national, regional and local level.

Integration of social, national and ethnic minorities starts with an approach of inclusive citizenship underlining the participation, social justice, fundamental rights in a diverse society. Therefore an inclusive approach based on duties and rights and belonging should be put much more to the forefront of all our policies. If we want people to integrate we need to provide and give access to the tools, measures and opportunities for all people to be able to integrate. It is thus a two-way process.

Integration is about creating an inclusive society; a society where all people (including minorities, non-citizens and third country nationals) participate and contribute through education, language courses, active participation on the labour market and in taking social responsibility. Therefore, equal access to services and institutions are indispensable. We need to evaluate and build upon different existing integration models and create a European Integration Charter.

Representation and participation (including political) is an essential part in creating inclusive citizenship and achieving a successful integration process. It is a democratic loss if groups in society do not participate in political life and in building a society.

In other words, inclusive citizenship goes beyond national identity and reflects the idea of giving and respecting the duties and rights of all citizens, common values and norms in building a state, a European identity, an inclusive society and social justice. On the one hand the majority population have a responsibility to provide the minorities with equal opportunities to fulfil their potential and on the other hand minorities have an obligation to engage in the (new) society.

We need to make our common objectives and values a greater priority. As social democrats we have always put our values of democracy, fundamental rights, equal rights and social solidarity at the forefront of our agenda.

The EU demographic changes of falling birth rates and a growing aging population decreases the EU workforce putting a strain on EU's economic growth and competitiveness. Thus integrating fully all available skills and capacity into the EU labour market ensures a continuous labour market force, a full and diverse participation to a sustainable social security and welfare system while also creating new jobs.

Besides the access to decent jobs in lower and higher skilled employment, we also need to identify and create specific educational programmes encouraging the participation of all children, youth and adults in long learning programmes, including for green and smart jobs and introducing curricula tailored to the needs and demand of the labour market, including language, computing and innovation programmes for all.

We should combat the creation of segregated geographical areas and work on diverse and mixed urban planning and housing policies to ensure an inclusive and responsible community.

When talking about integration, we also have to consider the integration of EU citizens of different ethnic backgrounds and minority groups, freely moving between the different EU Member States and enjoying the same fundamental rights respected and implemented by all EU Member States. We need a European rapid reaction system that ensures that anti-discrimination and breach of

European Charter for Fundamental Rights and EU Treaties are addressed immediately and adequately strengthening the European Commission's guardian role.

10. Financing the European Employment and Social Progress Pact for fair growth

The effects of the financial and economic crisis and the resulting strains on national budgets should not be used as an argument against the implementation of a European Employment and Social Progress Pact. Without such a pact, Europe will face a bleak future, including economic, social and environmental decline, as well as tighter and unsustainable national budgets. Contrary to conservative and liberal arguments, raising sufficient funds and revenues to finance such a pact is possible, it only requires the political will to do so.

10.1 Regulating financial markets and redirecting funds into the real economy

Europe's economy does not only suffer from the effects of the financial and economic crisis, but also from the still unregulated markets. Most of the risky financial activities which led to the crisis are still conducted in the same manner. To avoid another crisis, which would have an even more severe impact, extremely harmful financial activities such as naked short selling should be banned, stricter rules for the activities of hedge-funds and private equity must be introduced and full transparency, adequate supervision and consumer protection on the financial market must be ensured. Effectively implemented prudential rules must counter the inherent pro-cyclicality of the financial sector, and incentive instruments must be introduced to influence market behaviour. Trust amongst banks remains low; the risk of a credit crunch is not overcome. Restoring bank lending and promoting good banking are crucial for a quick, sound and lasting recovery. A long term strategy to strengthen and develop good banking – which meets the real needs of citizens and businesses - should frame public intervention in this sector. Redirecting public and private funds, such as pensions funds, from the financial markets towards the real economy could have enormous positive effects for sustainable growth and would equip the national budgets with new revenues.

10.2 Introducing new European financial instruments

Europe should make the most out of available and new financial instruments to ensure a fair burden sharing of the crisis, social progress and equality, to support European countries facing serious financial difficulties and to strengthen the internal market.

Furthermore, the issuance of debt securities tied to investment projects at the European level - Eurobonds – can raise additional funds for growth related investments and provide a real European added value. The aim would be to launch new investment projects, supporting business in general by decreasing the cost of capital, and attracting domestic and foreign savings as well as preventing hostile takeovers by foreign investors. The issuance of Eurobonds could be organized by a European Stability Agency, to be established in the near future.

In the longer run Eurobonds could also provide Member States with breathing space in pooling part of their national debts together and convert it in a common bond that would lower interest payments, enhance financial stability in the monetary Union, create a liquid and unified European bond market and strengthen budgetary surveillance.

Introducing a Financial Transaction Tax can contribute considerably to finance a new fair, green and smart growth, to safeguard our welfare states and to rebalance our budgets on the way out of the crisis. It ensures fair burden sharing of the crisis by putting the financial sector to contribution. Such a tax would generate substantial amounts of revenue that could be used, amongst other possibilities, to finance stronger welfare states.

By introducing green taxes and by tightening the European Emission Trading Scheme (ETS), additional revenues to finance the instruments of the European Employment and Social Progress

Pact could be generated. Additionally, increasing capital taxes and income taxes for those with very high incomes, would bring new revenues and could improve fairness in society.

10.3 Strengthening and redirecting existing funding schemes

Several Member States will not be able to make the necessary investments to encourage fair growth, in the absence of further financial assistance and flexibility in trying to comply with the overly restrictive Stability and Growth Pact. For this reason, existing European financing instruments – especially the structural funds - must be prioritised and made more effective: reprogramming must allow investment to counter the crisis, such as immediate job creation, and frontloading the funds and their implementation must be streamlined to increase impact.

However, it is not enough to simplify the systems for advances and reimbursement, which is still to be ensured in practical terms. It is necessary to anticipate multi-annual programming and strengthen management structures. In order to increase financial capacity, corresponding to actual needs, we must go beyond the classical grant mechanisms. There should be rapid implementation of schemes with interest rate subsidies for (i) energy efficiency and (ii) small and large urban development to address private and public investors at a municipal level. Eight billion Euro fund money for these projects will create between 40 and 80 billion EUR in investments for small companies with many jobs.

Existing financial tools must also be evaluated at the national level. We must prioritize highly labour-intensive programmes and support to job creation as well as measures to ensure social protection.

Additionally, the role of the European Investment Bank (EIB) should be strengthened. The capital base of the European Investment Bank should be increased once more, to go further in its support for investments in infrastructure, green technologies, innovation and SMEs. As these programmes are driven by loans and paid back out of resulting revenues, there will be no burden for the next generations. As the European Investment Bank has the power to borrow on international capital markets, this power should be used so that savings from the rest of the world and the countries with high saving quotas in Europe are used to invest to make the European economy sustainable and stronger. Central banks in Europe can be invited to back up this initiative by buying these kind of European Bonds.

10.4 Strengthening the European budget

The debate on the new multiannual financial perspective 2014 – 2021 should be used as an opportunity to shift the priorities of the European Union budget. Funding needed for the implementation of the Europe 2020 Strategy, to promote social progress and to support employment creation, such as the European Social Fund, needs to be stepped up. The structural funds should be redirected. While regions in biggest need to catch up should be prioritised, regions in transition must not be neglected. Member States who do not fulfil the Stability and Growth Pact must not be sanctioned by reducing or withdrawing cohesion funds.

Own European resources are needed, for the European Union to play in active role in promoting fair, green and smart growth. What applies on the national level also applies in the EU: all policies must be backed up by a budget to finance them. This has not been the case in the past and is one of the main reasons why the Lisbon Strategy and other EU policies have not produced the intended results. The current system of mainly relying on national contributions requires a long and difficult negotiation process and consistently results in a budget which remains far behind the ambitions of the European Union. Especially in times of crisis and tensed national budgets, the solution for the funding challenge cannot be found in increasing national contributions to the EU budget. Instead, new, own resources of the European Union should be introduced in view of future financial frameworks. In many cases the 'European added value' concept makes activities become cheaper and can be better financed, if resources are pooled on the European level, such as Trans European Networks, R&D projects etc.

Annex: Measures to overcome the employment and social crisis

Many different short term measures and long term measures are needed to implement the European Employment and Social Progress Pact for progressive growth. These must be targeted to contribute to the overall aim of increasing employment, revitalising the European economy and improving social cohesion. A good coordination of European, national, regional and local instruments is key for success, ensuring that all measures mutually reinforce each other instead of contradicting one another or being counter-productive. The following is a non-exhaustive list of measures to be taken at the EU and Member State levels.

EU-measures	National, regional and local measures
1. Creating new sustainable jobs	
<p>A. The Stability and Growth Pact needs to be reformed. The internal economic coherence of the European Union relies on more than the mere fiscal indicators. For this reason, mutual surveillance must be broadened to additional indicators such as employment and unemployment rates, current account deficit and surpluses as well as wage developments. Instead of the foreseen automatic sanctions and punishment, the logic of incentives and rewards must prevail and needs to be complemented by smart sanctions. Discretionary coordination of fiscal, budgetary and economic policies must also be strengthened. The European Parliament must be given a central position in the European economic governance.</p> <p>B. Financial markets need to be stabilised and reformed, through proper regulation and supervision.. The lack of supervision, the inadequate regulation and the nature of the financial sector had led financial institutions to take on more and more risks without coverage in opaque ways. Therefore higher capital and liquidity requirements are needed, as are macro prudential instruments to tackle the inherent pro cyclicity of the financial market. Furthermore, it is essential that transparency on the financial markets, including the shadow banking sector, be unconditional so as to tackle the issue of asymmetric information. Finally, incentive instruments to act on the behaviour of the markets, including taxation, and a fair contribution of the financial markets to society in general must be put in place for ethical reasons. It is important to take proper account of the needs and particularities of non-joint stock companies (i.e. cooperatives, mutuals and savings banks), which account for a large portion of the European banking industry.</p> <p>C. A single strategic platform should be created for each sector, bringing together all key actors to work together on growth, innovation and jobs in each sector and to coordinate existing instruments: technology platforms, skills expert panels, joint technology initiatives, lead markets, clusters and high</p>	<p>A. Selective tax incentives should be introduced, having as their primary purpose the stimulation of domestic demand in a socially fair and effective way, leading to actual increases in consumption. The following measures could be considered: tax incentives for green products and services and for labour intensive services such as personal or catering services or reductions in the tax burden on lower incomes or for some basic products.</p> <p>B. New jobs need to be actively created, by stepping up investment in energy efficiency, renewable energies, urban renewal, transport, health services, personal services, business services, broadband internet grids, biotechnologies and nanotechnologies, creative and cultural industries and modernizing manufacturing sectors according to new standards of energy, design, safety and quality are necessary.</p> <p>C. Member States should improve the coordination of innovation, industrial, research, education and retraining and employment policies, in particular to support regional partnerships for growth, innovation and jobs as well as cross border initiatives.</p> <p>D. It is crucial to renew social, employment and education policies and services focused on the unemployed. Unemployment insurance must be strengthened when needed, and active labour market policies must be significantly scaled up, coming into play as early as possible following redundancy (under 3 months). Unemployment services should be modernised and strengthened, offering a range of support and re-skilling programmes, developing closer</p>

<p>level industrial groups.</p> <p>D. European programmes for economic development should be expanded, such as JEREMIE (Joint European Resources for Micro to Medium enterprises), designed to widen access to finance for new and innovative SMEs and social economy enterprises in less developed regions, JASMINE (support for micro finance for non-banking institutions) and JESSICA (Joint European Support for sustainable Investment in city Areas), giving support for urban sustainable development.</p> <p>E. Creating green jobs, especially in the renewable energy, energy efficiency and recycling sector, needs to be actively supported. The implementation of the energy and climate change packet needs to be closely monitored, the package where possible tightened. European minimum efficiency standards and energy efficiency labels for all electronic products should be introduced or strengthened. More incentives for resource efficient use of raw material should be set, for example by introducing binding efficiency standards. Subsidies and tax breaks should continue to be granted to companies and households investing in renewable energies to provide them with long-term security for their capital. The same support should be extended to investments into retrofitting buildings or houses, in order to increase energy efficiency. EU structural funds should be redirected in order to support energy efficiency related household investments (high energy efficient heating systems, building isolation, more efficient electronic devices) and to support renewable energy production for personal use.</p> <p>F. The implementation of the renewable energies directive in the Member States must be closely monitored. European funds must be used better to directly support the installation of renewable energies in pilot projects such as carbon free power plants and second generation biofuel production and energy infrastructure necessary to integrate off-shore wind parks into the European energy grid – for example the North Sea Ring.</p>	<p>relationships with local employers and providing information on access to entrepreneurship opportunities.</p> <p>E. Targeted investments in services which meet employment and social objectives are needed, including family care services such as childcare and long term care for the elderly.</p> <p>F. Specific programmes to reduce long-term unemployment and unemployment in disadvantaged groups such as young people, women, older workers and migrants should be launched.</p> <p>G. Measures to strengthen internal flexibility, such as establishing rule for short-term work combined with training in periods of crisis and working time accounts, need to be put in place in all Member States.</p> <p>H. Companies should be further encouraged to adopt Corporate Social Responsibility initiatives, placing greater emphasize on workforce retention and investment in the company's future, instead of short-term shareholder dividend payments.</p> <p>I. Efforts to implement the European Pact for Gender Equality should be stepped up at Member State level.</p>
2. Applying a different growth model: fair and sustainable growth	
<p>A. A social progress clause should be introduced in every piece of European legislation which should be implemented by the European Commission. Social and environmental impact assessments need to be better taking into account when developing European legislation. The process of liberalisation in the EU and its consequences on the national welfare states must be assessed. An action plan to reduce negative social effects of the EU policies needs to be developed.</p> <p>B. To achieve social progress in Europe we push for an agreement on common goals and standards for national social and educational expenditure as a</p>	<p>A. All national, regional and local policies and programmes need to be realigned with this new growth model.</p>

<p>proportion to the GDP of each country. In this way a process of common social progress could be initiated while at the same time preserving the traditions of the national social systems and the sovereignty of each Member State.</p> <p>C. A new indicator for growth, taking into consideration the social and environmental dimension, needs to be developed in the framework of the Europe 2020 Strategy and it must become the yardstick with which to compare the performance of Member States.</p> <p>D. All European policies and programmes need to be realigned with this new growth model.</p>	
<p>3. Improving skills of European employees and strengthening innovation</p>	
<p>A. In close cooperation between European, national and regional administrations and together with the private sector and trade unions, models predicting the destruction of existing jobs and creation of new jobs across all sectors should be developed. These should be used to map the re-skilling needs in each Member State and lead to reforms of education and training schemes. Also the private sector should be encouraged to adapt its employment strategies to these employment needs forecast.</p> <p>B. Research and development needs to be better supported and more targeted on the technologies of the future, especially by redirecting the European Framework Programme for Research, Technological Development and Demonstration Activities. More emphasis must be put on the marketability of new developments. Europe-wide legal safeguards and subsidies must be used in order to support mass production of new technologies.</p> <p>C. A European network to support learning organisations, up-skilling in companies and public service strategies for lifelong learning must be developed, including tailor-made methods, validation and compensation of the learning outcomes. Furthermore, formal education must be available for people of all ages and should be part of lifelong learning systems. More financial support for Life Long Learning programmes and improvement of the educational infrastructure is needed, for example through the structural funds.</p> <p>D. A youth guarantee needs to be enshrined into European legislation, guaranteeing every young person to receive further education, training or a job at the latest four months after leaving the school.</p> <p>E. Access to the highly successful European mobility programmes, notably ERASMUS, should be expanded to include a much wider range of people - including apprentices, young entrepreneurs, and secondary pupils. Also the European YOUTH Programme should be better financed, helping young people to be mobile and strengthen non-formal education skills.</p>	<p>A. The quality of education schemes needs to be improved. Tackling early school leaving needs special attention. School leavers access to vocational, further and higher education needs to be improved.</p> <p>B. Tailor-made access to new skills for new jobs, including education and training programmes, should be provided, notably for the unemployed. This requires a reform of education and training schemes as well as of employment placement services.</p> <p>C. The coordination of research and education programmes with innovation in new areas of investment and job creation must be improved.</p> <p>D. The competences that young people can acquire through non-formal education and volunteering activities as well as through vocational training should be promoted and fully recognised. It is also of key importance to recognise the value of and promote professional guidance, notably orientation tools and better interaction between educational providers, social partners and the professional sector.</p> <p>E. We need to overhaul our education and training systems so that they do not repeat and confirm existing inequalities, but make sure that they are as inclusive as possible. We need good structure of second chance education and training so that low-skilled people can enter into lifelong pathways.</p>

<p>A European directive defining minimum standards for internships should be adopted, including remuneration, working time and training elements.</p>	
<p>4. Implementing a European Industrial Policy for fair growth as fundamental pillar of the Single Market</p>	
<p>A. The European Single Market Act needs to contain as a central pillar a new European industrial policy, based on providing better framework conditions for the manufacturing sector in general and for the specific sectors in detail.</p> <p>B. Competition, state aid and internal market policies need to be reformed in order to give Member States the freedom to support the industrial sector, without allowing protectionism and interventionism in favour of individual companies or individual sectors. The diversity of existing forms of enterprises should be taken into account.</p> <p>C. Building a strong, cross-border infrastructure by strengthening the Trans-European Networks is crucial. A special emphasize must lay on transforming Europe into a carbon-free economy.</p> <p>D. A European framework directive for services of general interests needs to be adopted. Not the costs of public services, but their quality and accessibility for all citizens and residents must be the foremost criteria for selecting service providers. Public procurement rules need to be adopted accordingly. Furthermore, the European energy infrastructure must be interconnected and modernised in order to decrease the loss of energy during transportation and facilitate grid access for renewable energy sources. European funding for the interconnection of national energy networks should be made available through the Trans-European Networks programme (TEN), while the responsibility of upgrading national grids and connecting new renewable energy sources to the grids, must remain with the utilities.</p> <p>E. The implementation of the Small Business Act needs to be closely monitored, in case it proves insufficient to support small and medium enterprises and social economy enterprises, it needs to be strengthened.</p> <p>F. European minimum rules on restructuring should be defined, including the obligation to report on planned mass lay-offs and to ensure that they only happen if all other alternatives, like intelligent work-sharing, have been exhausted. All substantial layoffs need to be supported by targeted social plans, which have to be drawn up and implemented in close cooperation with the social partners. The European globalisation fund must be increased and should be used support these social plans.</p> <p>G. European state aid rules should be modified in order to oblige companies which receive state aid, to reimburse the funds, in case they have laid off staff</p>	<p>A. Co-decision, consultation and information of workers on the company level needs to be improved, health protection, safety rules and workers rights need to be strengthened.</p> <p>B. The infrastructure needed to allow the manufacturing sector to become more competitive and to better respect social and environmental needs (transport, energy, broadband internet access, etc), must be upgraded.</p> <p>C. More targeted support to SMEs should be provided.</p>

<p>while at the same time using their financial resources to pay dividends to shareholders or buy company shares to increase share value or to relocate to benefit from fiscal dumping.</p> <p>H The fiscal tools at hand can also be used to develop these objectives. Concretely, a social clause must be introduced in the framework of EU bilateral and multilateral trade agreements. This clause has to be based on ILO criteria regarding decent work.</p>	
<p>5. Increasing the quality of jobs and overcoming precariousness on the labour market</p>	
<p>A. In the mid-term, a European Social Protocol should be adopted as Annex to the EU-treaties, stipulating that neither economic freedoms nor competition rules take priority over fundamental social rights and that in case of conflict, fundamental social rights must come first.</p> <p>B. A European legislative framework on decent work and precariousness needs to be introduced, strengthening workers protection and workers rights.</p> <p>C. A European pact for minimum wages should be introduced, stipulating that EU Member States ensure that all workers and employees receive a wage above the poverty threshold, either through collective bargaining or by law, while ensuring compatibility with, and respect for, national traditions and praxis and the autonomy of social partners. A process of upwards convergence of the lowest wages should be promoted through the Open Method of Coordination.</p> <p>D. The Working Time Directive needs to be revised, limiting the working time to a maximum of a 48 hours average working week. European governments have to respect these limits on excessive working hours in order to ensure health and safety for the workers.</p> <p>E. The Posted Workers Directive needs to be revised, ensuring that social rights prevail over economic freedoms and guaranteeing equal pay for equal work at the work place. The directive has to regain its characteristic of providing minimum and not maximum standards: as long as measures are not discriminatory, Member States may decide on additional mandatory rules and provisions applying to all workers and employees working on its territory. In order to allow for the proper implementation of the directive, prior notification and mandatory registration must be qualified as proportionate instruments to control the regularity of posted workers.</p> <p>F. Cross border wage agreements by European social partners should be encouraged, to allow for a convergence towards equal pay for equal work.</p> <p>G. The implementation of the EU Directive on temporary agency worker must be closely monitored, ensuring that temporary agency workers are paid and treated equally as permanent staff.</p> <p>H. Unpaid work which is not based on volunteering, including unpaid internships, must be outlawed and</p>	<p>A. Social partners and/or national governments (on the issue of wages of public employees) need to agree on sustainable wage levels in relation to the structural weaknesses of national economies, i.e. balancing the share of capital and of wages in value added. In those Member States with a trade surplus but lethargic domestic demand, wages should be above productivity gains and inflation, in the other Member States the wages should be indexed according to productivity gains and inflation.</p> <p>B. Wage reduction schemes which have been introduced during the crisis to prevent lay-offs should be phased out as soon as possible.</p> <p>C. National schemes to limit excessive executive bonuses and wages need to be put in place.</p> <p>D. A European framework to encourage better social security provisions and access to active labour market policies for those on short-term and temporary contracts should be adopted.</p> <p>E. Enhanced measures on parental leave for both parents should be implemented to allow women and men to better balance their professional engagements with their family responsibilities.</p>

<p>European minimum standards for contracts must be set, including a limitation on the number of sequential fixed term contracts.</p> <p>I. Specific European targets to reduce the gender pay gap need to be agreed and a legislative package to support women entrepreneurs and to boost the quality of jobs for women needs to be agreed.</p> <p>J. A European directive on minimum criteria in internships, which stipulates that internships must demonstrably be different from a regular job, contain an educational constituent be remunerated in a monetary way and valorised in the form of ECTS (when the intern is enrolled in formal education). The regulation must define minimum compensation levels that are in line with agreed minimum incomes.</p> <p>K. The provision of microcredits through the EU must be increased, providing those excluded from the labour market the possibility to start a business or support existing small and medium enterprises during the crisis.</p>	
<p>6. Strong, high-quality, accessible and affordable public services</p>	
<p>A. A European framework directive on services of general economic interests should be brought forward by the European Commission, which guarantees universal and equal access for citizens, high quality of these services, local autonomy and transparency. It should be clarified that not the costs of public services, but their quality and accessibility for all citizens must be the foremost criteria for selecting providers for services of general economic interests. Public procurement rules need to be adopted accordingly.</p> <p>B. Common rules on quality, accessibility and affordability should also be defined for non-economic services of general economic interests (education, health, security).</p> <p>C. European legislation, such as competition and state-aid rules, need to be mainstreamed in order to avoid negative effects of the ability of national, regional and local authority to provide non-economic services of general interests, especially social services of general interests.</p>	<p>A. Member States must guarantee high-quality, accessibility and affordability of public services, by strengthening legal frameworks and where necessary, by increasing investments in non-economic services of general interest.</p>
<p>7. Protecting and strengthening national social security systems</p>	
<p>A. The European Union needs to base its analysis of Member States achievements in implementing the Europe 2020 Strategy on a balanced flexicurity definition, taking into equal consideration social protection and flexibilisation of the labour market.</p> <p>E. To ensure that also those who are excluded from the labour market can afford a decent living, a European framework directive on minimum income schemes should be adopted, stipulating that such schemes be established in all Member States and defining minimum criteria on adequacy and accessibility.</p>	<p>A. Member States should step up income support for those most in need, for example by ensuring an adequate minimum income, cuts in the social protection contributions to be paid by low-income employees, targeted tax cuts and improved access to loans. Policies to ensure the affordability of basic goods such as electricity and gas needs to be put in place.</p> <p>B. Pension schemes need to be reformed, to</p>

- B. Common European standards on protecting all forms of pensions need to be introduced. Investments of pension funds in risky financial products needs to be prohibited. Full transparency for the policy holder on how their payments are invested needs to be guaranteed, in all three pension pillars.
- C. The European Framework on the portability of pensions needs to be revised, amongst others by taking into account shorter working periods of employees and workers.
- D. A European framework directive on adequacy of pensions should be introduced, for example through the introduction a European legal framework defining minimum criteria for pensions. The minimum level of pensions could be set as proportion of average salaries or in accordance with the minimum wages or minimum incomes defined in each Member State. An upwards convergence of minimum pensions should be ensured through the Open Method of Coordination. The gender dimension must be taken into account in the European legal framework.
- E. Loopholes allowing companies owned by private equity and hedge funds to withhold the right of corporate pensions from the employees must be closed, if necessary by European legislation.
- F. European policies need to be adapted in a way to allow Member States to fulfil their responsibility in providing social housing. In order to allow for a mixture of different income groups in residential areas, also people from middle and high income groups should be able to live in social housing.
- G. The horizontal anti-discrimination directive should be adopted and the Employment Equality directive fully implemented, to ensure equal rights, access and opportunities in the labour market and society for women, youth, elderly, migrants, disabled and all other groups.
- H. The European Youth Pact should be re-launched, strengthened and the implementation through the Member States better monitored.

make them sustainable and more adequate. Public (first pillar) pensions on the basis of pay-as-you-go or funded schemes, must remain the backbone of our pension system. Corporate pension schemes should be strengthened by increasing the responsibility of employers for the pensions of their employees. Private pension systems play an important role in most Member States, but there is little evidence that strengthening private pensions on the costs of public pensions will help solving the challenges pension schemes are currently facing.

- C. The first priority for all Member States and the European Union must be to increase the number of employees who pay social security contributions and therefore to improve the quotient of those paying into pension schemes and those receiving benefits. Additionally to other proposals in this pact, minimum standards for contracts and the inclusion of entrepreneurs in public pension schemes will significantly broaden the base for social security contributions.
- D. Instead of enforcing an increase in the retirement age, working conditions must be improved and incentives to work longer should be given to those who want and can. The retirement age should be increasingly flexibilised, depending on the sector, on the overall employment situation for elderly people, on the severity of working conditions and on the number of years worked. More emphasize should be put on the voluntary extension of the retirement age, including increased pension payments, rather than enforcing obligatory retirement age extensions. Involuntary early retirement should be tackled by strengthening health and safety standards and improving working conditions. Workers should be supported to work longer by creating specific jobs tailor-made for their skills and needs, by flexibilising their working time and strengthening telework. Discrimination against women, who have shorter professional careers, whose careers are more often interrupted and who are more often part-time workers, needs to be avoided.

E.

- F. The construction of energy efficient social

	<p>housing and the refurbishing of the existing housing stock needs to be financially supported.</p> <p>G. Unemployment insurance schemes should be transformed into employment insurance schemes. These schemes should be financed by the employer, and should operate by ensuring a job and re-training to each unemployed person. Leave schemes supported by learning accounts or training vouchers for workers in need of re-training to move to new jobs should be created and promoted.</p>
<p>8. Taking gender equality as an asset</p>	
<p>A. A European Directive on the Gender Pay Gap should be introduced, including clear numerical targets and transparent measures towards salary window per Member States per year.</p> <p>B. A strong EU directive regulating paternity leave is needed, giving all fathers the incentive and opportunities to take care responsibilities.</p> <p>C. Flexible working times as well as parental leave measures for women and men should be introduced, in order for both parents to have a fair and balanced approach towards work and private life responsibilities.</p> <p>D. The Barcelona targets should be enhanced in terms of quality and affordable childcare facilities.</p> <p>E. Continuous life long learning, training and education programmes for women should be introduced.</p> <p>F. The care sector should be revalued by investment programmes and by raising working conditions including salary increase.</p> <p>G. Company board quotas (40%) should be introduced, as well as quotas in political electoral systems to increase women in decision-making</p> <p>H. Gender budgeting needs to be introduced, in order to flagship gender sensitive initiatives in all policy areas.</p>	<p>A. Gender mainstreaming during the salary negotiations with social partners must be ensured.</p> <p>B. Transparent salary leagues per sector and position should be introduced.</p> <p>C. Member States should enhance childcare facilities and educational programmes for all children at local and national level.</p> <p>D. Member States should encourage financial programmes and assets for women to start up small and medium enterprises.</p> <p>E. Member States should introduce gender budgeting at national and local level</p> <p>F. Gender stereotyped curricula programmes should be introduced.</p> <p>G. Member States should gender mainstream national health policies to guarantee education, access to medication and support to all treatments.</p>
<p>9. Improving and deepening integration</p>	
<p>A. A European Integration Charter based on duties and rights and European Citizenship must be adopted.</p> <p>B. A European Exchange Programmes to boost Europe's competitiveness in terms of skills, knowledge and experience should be encouraged.</p> <p>C. A European Rapid Reaction System for incidents of treaty, charter and human rights breaches in the EU should be introduced.</p> <p>D. The European labour market should be analysed to identify the needs of the different sectors.</p>	<p>A. Member States should introduce an inclusive citizenship approach.</p> <p>B. Member States should focus on integrating non-EU citizens as well as EU minorities through special educational programmes within the national curricula.</p> <p>C. Language programmes for all children and parents of migrant background should be encouraged.</p> <p>D. Mixed and diverse housing and social security schemes need to be established in order to combat geographical and social segregation.</p> <p>E. Special support points for people of migrant background should be created.</p>

	F. An identity around citizenship should be build, going beyond national identity.
10. Financing the European Employment and Social Progress Pact for fair growth	
<p>A. Introducing a Financial Transaction Tax could contribute considerably to finance a new fair, green and smart growth, to safeguard our welfare states and to rebalance our budgets on the way out of the crisis.</p> <p>B. Green taxes should be introduced and the emission trading scheme tightened.</p> <p>C. A European Stability Agency could be set up, to organise all current borrowing capacities of the European Community and develop new missions relying on the issuance of Eurobonds. The European Facility set up as a temporary mechanism to rescue Member States facing balance of payment difficulties must be extended to as a permanent crisis management mechanism of the eurozone. In the long run, a common management of Europe's national public debts can bring sizeable efficiency gains and lower the cost of borrowing for all. The issuance of Eurobonds attached to specific investment projects is a necessity in order to make the Europe 2020 strategy successful.</p> <p>D. European structural funds should be realigning, allowing more funds to be invested into job creation and overcoming social inequalities. The European Budget needs to be adapted to the objectives of the Europe 2020 Strategy.</p> <p>E. The capital base of the European Investment Bank should be increased.</p> <p>F. Additional financial means should be allocated to the European Globalisation Fund. The distribution of funds to workers should be speeded up and its accessibility improved.</p> <p>G. A European strategy for good banking needs to be launched. Matching the financing need of the economy and serving the well being of society is the ultimate role of a good banking system. Regulators must stay a step ahead of innovations from the financial sector and engage in a strategy of permanent reform to ensure the efficiency and stability of the financial sector. With respect to the current round of reforms, more needs to be done in particular with respect to capital requirements and quality of capital, countercyclicality, and the separation between core utility banking functions and riskier activities. Antitrust laws must also be applied to the financial sector to avoid the formation of banks that are too big to fail. It is important to take proper account of the needs and particularities of non-joint stock companies (i.e. cooperatives, mutuals and savings banks), which account for a large portion of the European banking industry.</p>	<p>A. National tax policies need to be reformed: the income and capital taxes for the wealthiest part of society should be increased, while taxes for low income households and possibly their social security contributions should be reduced.</p> <p>B. National budgets should be realigned to support job creation and social inclusion.</p>