

EUROPEAN PARLIAMENT

2004



2009

Committee on Employment and Social Affairs

PROVISIONAL
2004/2190(INI)

29 October 2004

DRAFT REPORT

on the social situation in the European Union
(2004/2190(INI))

Committee on Employment and Social Affairs

Rapporteur: Ilda Figueiredo

CONTENTS

	Page
MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION.....	3
EXPLANATORY STATEMENT	7
OPINION OF THE COMMITTEE ON WOMEN'S RIGHTS AND GENDER EQUALITY	

MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on the social situation in the European Union (2004/2190(INI))

The European Parliament,

- having regard to its resolution of 4 July 2002 on the Commission communication 'Strengthening the local dimension of the European Employment Strategy'¹,
- having regard to its resolution of 25 September 2002 on the Commission communication on taking stock of five years of the European Employment Strategy²,
- having regard to its resolution of 3 September 2003 on the scoreboard on implementing the social policy agenda³,
- having regard to its resolution of 24 September 2003 on the joint report by the Commission and Council on adequate and sustainable pensions⁴,
- having regard to its resolution of 4 December 2003 on the proposal for a regulation amending Regulation (EEC) No 1408/74 on the application of social security schemes to employed persons and their families moving within the Community⁵,
- having regard to its resolution of 14 January 2004 on equal opportunities for women and men in the European Union⁶,
- having regard to its resolution of 20 April 2004 on the Commission communication 'Equal opportunities for people with disabilities: A European Action Plan'⁷,
- having regard to the Commission working document of 18 May 2004 on the social situation in the European Union,
- having regard to the report of May 2004 of the High Level Group on the future of social policy in an enlarged European Union,
- having regard to the Commission's communication to the Council, the European Parliament, the Economic and Social Committee and the Committee of the Regions on the Social Policy Agenda (COM(2000)0379)⁸,
- having regard to Rule 163 of its Rules of Procedure,

¹ OJ C 271 E, 12.11.2003, p. 593.

² OJ C 273 E, 14.11.2003, p. 192.

³ OJ C 76 E, 25.3.2004, p. 226.

⁴ OJ C 77 E, 26.3.2004, p. 251.

⁵ OJ C 89 E, 14.4.2004, p. 124.

⁶ OJ C 92 E, 16.4.2004, p. 329.

⁷ Texts adopted on that date, P5_TA (2004)0292.

- having regard to the report of the Committee on Employment and Social Affairs and the opinion of the Committee on Women's Rights and Gender Equality (A6-0000/2004),
- A. whereas the social situation in a European Union of 25 Member States, following the accession in May 2004 of ten new Member States with widely varying levels of development, in general under the EU-15 average, is such that much closer attention needs to be paid to social and development issues,
- B. whereas over the last three years economic growth has halved, contributing to higher unemployment levels which now affect some 20 m people in the EU, the majority of them women, and to disturbing levels of poverty and social exclusion, with the most recent data (for 2001) indicating some 70 m people at risk of poverty,
- C. whereas inequalities have been increasing between Member States, between regions and between communities and groups, as the Commission report itself confirms, thus making it clear that the existing policies have not brought about real convergence,
- D. whereas the social aspects of the Lisbon Agenda have been subordinated to price stability, cost-cutting and budget deficit reduction, contributing to higher unemployment and making social inclusion more difficult,
- E. whereas general changes on the labour market, especially in the industrial sector, with the recent relocations of multinationals affecting various Member States, have led to high unemployment levels among workers aged between 40 and 55, especially women, who have few alternative employment opportunities,
- F. whereas the Community's policies must prioritise the creation of jobs accompanied by workers' rights, especially for the population groups most exposed to unemployment, and above all young people, for whom the unemployment rate is in some Member States persistently in excess of 20%,
- G. whereas there is still substantial discrimination against women in access to jobs accompanied by workers' rights and in pay levels (the average pay gap is 16%), while in many Member States family support structures and apparatuses are still inadequate, especially as regards creches, pre-school education and senior citizens,
- H. having regard to the importance of the public services and the social economy in job creation and the fight against poverty and social exclusion,
- I. whereas the lack of up-to-date and exact information on poverty and social exclusion is an obstacle to more detailed analysis and rapid response to urgent problems that need to be dealt with,
- J. whereas the analysis of social conditions calls for the contextualisation of the social consequences of the existing economic organisation, with regard to widespread and increasing poverty and exclusion, worsening conditions of work, and the social rejection of population groups whose participation in society is reduced to a future made up of insecure jobs, unemployment and difficult access to health care, decent housing, the legal system, or leisure

activities and culture, to name some of the examples of failure to ensure their human and social rights,

1. Stresses the need to prioritise tackling the issues of unemployment, poverty and social exclusion, and that this will require the revision of the existing economic and financial policies, especially the Stability Pact, the Lisbon strategy, internal market policy and competition policy, with a view to the creation of a Pact for Development and Employment which will give priority to creating quality jobs creation backed up by workers' rights, investment, and public services observing high standards and ensuring social inclusion, in particular in the fields of education, public health, childcare, care of dependent persons, public transport and social services;
2. Stresses the importance of the new social policy agenda for 2006-2010, whose objectives should be the following:
 - a social policy based on respect for and guaranteed enjoyment of all fundamental human rights in all Community policies;
 - the development of an inclusive and cohesive society, which presupposes measures in favour of stable employment and respect for workers' rights;
 - the promotion of a society based on gender equality and the combating of all forms of discrimination;
 - distribution of the wealth created so as to enhance the wellbeing of all, which presupposes publicly-run, universal welfare systems, enlargement of their tax base in order to meet new challenges, and guaranteed access for all to public services of quality, including health, education and housing;
 - a social policy taking account of all groups, oriented especially towards those communities which are most vulnerable and exposed to poverty and social exclusion, including children and families;
 - participatory democracy as part of the various social and employment policies.
3. Insists on the need for the spring summit to define the main economic guidelines on a basis taking account of the disturbingly high unemployment levels, especially among young people and women, while promoting measures to achieve greater social inclusion and the quantitative and qualitative improvement of employment and the environment;
4. Insists that measures must be taken to make multinationals' relocations and mergers conditional on job preservation, the development of the regions concerned and the opinion of the European Enterprise Committees; recalls the need to comply with European Parliament resolution 106/2003 regarding closures by companies which have received EU funding;
5. Stresses the need to aid less-favoured regions, in particular mountain areas, recently deindustrialised areas and areas where mines have been closed, in the interests of economic and social cohesion;
6. Stresses the need to aid productive sectors, microbusinesses and small businesses, family farms and the social economy, given their role in job and wealth creation;
7. Insists on the need for measures to promote equality and combat discrimination, notably via new legislative initiatives aimed at implementing Article 13 of the Treaty in the sphere of the

rights of women, immigrants and persons with disabilities and with a view to establishing the Institute for Equality and the Observatory on Poverty and Social Exclusion;

8. Favours legislative initiatives aimed at helping cut working hours without loss of pay, so as to facilitate enhanced job creation, reconcile work and family life, ensure lifelong education and training and promote civic and social participation in community life;
9. Stresses the need to reinforce the financial perspective and the Structural and Cohesion Funds with a view to ensuring the necessary degree of economic and social cohesion and enhancing real convergence;
10. Calls on the Commission to draw up and publish, on an updated basis, a wider and more accurate range of indicators and studies, especially on the mainstreaming of social objectives within other policy fields and on the consequences of Community policies in terms of increased unemployment, poverty, social exclusion and discrimination, including gender analysis and on the basis of an input genuinely representative of society;
11. Instructs its President to forward this resolution to the Council and Commission.

EXPLANATORY STATEMENT

The social situation in a European Union of 25 Member States, following the accession in May 2004 of ten new Member States with widely varying levels of development, in general under the EU-15 average, is such that much closer attention needs to be paid to social and development issues. The page limit for this report does not permit a detailed analysis, and reference is therefore made only to certain aspects which we consider essential in the light of the information made available.

1. Employment, unemployment and working conditions

Although the statistical information remains insufficient, recent Eurostat data ¹ show that at the end of 2003, out of a population of some 443 m:

- 192.8 m people were in employment, of whom 43.6% were women and 10.7% were aged between 15 and 24. Of the total, 161 m were employed by someone else, but many of these had only insecure or part-time jobs;
- Job creation in the EU was virtually stagnant in 2002, while 2003-2004 showed, for the first time in a decade, a net decline in employment;
- 62.9% of those aged between 15 and 64 were employed, but there were major variations between Member States: in eight, the average rate was 67% or more (Denmark, Cyprus, the Netherlands, Austria, Portugal, Finland, Sweden and the UK). The rate was under 57% in Italy, Malta and Poland;
- However, 10.3% of those aged between 15 and 64 were only employed part-time. In general, in Member States with higher employment rates a significant proportion of the jobs are part-time. This is the case in the Netherlands (32.8%), Slovenia (23.2%) and the UK (17.4%);
- There is a high incidence of insecure jobs. On average, 12.9% of jobs are on fixed-term contracts, a phenomenon especially prevalent in Poland (19.4%), Portugal (20.6%) and Spain (30.6%);
- Insecure employment affects women in an especially disturbing fashion. Of those in full-time employment, only 36.7% were women, while the equivalent figure for permanent employment was a mere 38%;
- 19.1 m were unemployed, of whom 51.3% were women and 24.3% young people.

More recent data on unemployment have shown that the phenomenon is increasing ²: there were 19.3 m unemployed in August 2004, equivalent to a rate of 9%. However, in some Member States the rate is much higher. This is the case of Poland with 18.7%, Slovakia with 15.7%, and Lithuania and Spain, both with 11%.

The average unemployment rate for women in the EU-25 is 10%. The equivalent figure for under-25s is 18.1%.

¹ Eurostat - Statistics in focus, 14/2004

² Eurostat - Euro-indicators 122/2004 – 5 October 2004

As is well known, the extraordinary European Council held in Luxembourg in November 1997 established an ambitious strategy for cutting unemployment and achieving a sustainable rise in employment rates while also reducing gender inequalities.

In March 2000, the Lisbon summit defined the objective of full employment with more and better jobs. The following objectives were established for 2010:

- 70% for the overall employment rate;
- 60% for the female employment rate.

In spring 2001 the Stockholm European Council set the objective of a 55% employment rate for those aged between 55 and 64.

The fact is, however, that in 2003 the overall employment rate, including insecure and part-time employment, was no higher than 62.9% in the EU-25.

The gender breakdown indicates that the female employment rate was only 55%, and a large proportion of that was insecure and part-time work. The male employment rate was 71%. It is clear that severe inequalities persist on the labour market.

- The unacceptable working conditions in certain occupations in a number of Member States are causing illness and lead to a large number of workplace accidents (though figures have been falling since 1994). In 2000, almost 500 m working days were lost owing to workplace accidents (150 m days) or work-related health problems (350 m days).
- In 2001, 3.8% of workers in the EU were the victims of workplace accidents involving more than three working days' absence from work (the figure for absences of three days or less was 6.1%). Workplace accidents caused the deaths of, on average, 80 in 100 000 workers, above all in fisheries and construction. In some Member States the average rate was far higher (Latvia, Belgium, Lithuania, Estonia, Portugal, Sweden and the UK).

It is clear from the above that the strategies for higher employment are not sufficing. Priority has been given to price stability via the nominal convergence criteria. It is therefore necessary to introduce a different strategy, in the form of a Pact for Development and Employment which would give priority to creating more quality jobs accompanied by workers' rights.

Measures are also needed to set limits on mergers and relocations of multinationals, support productive sectors and micro-businesses and SMEs, promote equality, fight discrimination, and cut working hours without loss of pay, in order to facilitate job creation, reconcile work with family life, ensure lifelong education and training and promote civic and social participation in community life.

2. Wage levels and the minimum wage

18 of the 25 Member States have a minimum wage (Belgium, the Czech Republic, Estonia, Greece, Spain, France, Ireland, Latvia, Lithuania, Luxembourg, Hungary, Malta, the Netherlands, Poland, Slovenia, Slovakia and the UK).

- As at 1 January 2004 its level varied from EUR 121 per month in Latvia, through 498 in Portugal to 1403 in Luxembourg.

- Comparison ironing out the price factor on the basis of purchasing-power parity (PPP) reveals some minor inequalities and slightly modifies the league table: in PPP terms, Malta and Slovenia have higher minimum wages than Portugal and Spain.
- The percentage of full-time workers receiving the minimum wage varies considerably: from 0.8% in Spain through 1.9% in the UK and 4% in Portugal to 14% in France, 15.1% in Luxembourg and 15.4% in Lithuania. In general, more women than men are in this situation.
- The ratio between the minimum wage and the average monthly wage in industry and services varied in 2002 from 32% in Slovakia, through 43% in Portugal and 49% in the Netherlands, to 54% in Malta.
- Wage discrimination on the basis of gender is still rife in the EU-25. Comparison remains difficult, but in 2001, in the EU-15, average gross hourly pay was 16% less for women than for men, although in some Member States, notably Germany and the UK, it was higher. For the new Member States, the data available indicate significant variations between countries, the most deserving cases being the Czech Republic and Estonia.

If these wage inequalities are to be ended, it will be necessarily to stop both direct discrimination over basic wages and indirect discrimination related to participation in the economy, choice of occupation and career progress.

3. Income - GDP per inhabitant

According to Eurostat ¹, the figures for GDP per inhabitant in 2003, based on PPS (purchasing power standard), a measure intended to standardise the purchasing power of the different currencies so as to permit comparisons between countries, exhibited major variations between Member States, as follows:

- 50% or less of the EU-25 average: Latvia, Estonia, Lithuania and Poland
- 51-75% of the EU-25 average: Czech Republic, Hungary, Malta, Portugal and Slovakia
- 76-100% of the EU-25 average: Cyprus, Greece, Spain and Slovenia
- 101-125% of the EU-25 average: Austria, Belgium, Germany, Denmark, Finland, France, Italy, the Netherlands, Sweden and the UK
- 126% or more of the EU-25 average: Ireland and Luxembourg.

These figures point up the major variations in development level among the Member States, making it clear that we are far from having achieved the economic and social cohesion of which the Treaty speaks. It is essential to pay much more attention to this problem, via macroeconomic policy and an increase in the Community funds, notably the Cohesion Fund and the Structural Funds; this is of particular importance now that the negotiations on the financial perspective have begun.

4. Poverty and social exclusion

Eurostat's recent publications ² on population and social conditions, based on the criteria and the 18 common indicators defined by the Laeken European Council in December 2001 and taking account of the decisions of the Nice European Council of December 2000 to the effect that the fight against poverty and social exclusion as defined by the Lisbon European Council of March 2000 should be pursued using the open coordination method and giving priority to the national employment plans,

¹ Eurostat 37/2004, Economy and Finance

² Eurostat 10 and 16/2004, Population and Social Conditions

make it possible to draw certain conclusions, albeit on the basis of information that is not up-to-date.

The Commission's publication 'The social situation in the European Union - 2004' includes the ten new Member States in its analysis, on the basis of information provided by Eurostat ¹.

- In 2001, approximately 15% of the population of the EU was at risk of poverty ² - a percentage equivalent to 70 m people. The figures for Greece and Portugal were as high as 20%, and that for Ireland was 21%. However, the definition of the income level for calculating 60% of the national median varies considerably between Member States, as has already been made clear in our discussion above of minimum wages and income distribution.
- Welfare and social security benefits are vital to reduce the risk of poverty. Without the various social transfers, including pensions and other forms of support, the risk of poverty would affect 30% of the population in Finland, 37% in Portugal, 40% in France and the UK and 42% in Italy. This points up the importance of welfare and social security policy.
- The distribution of welfare varies greatly between Member States. In the EU-15 in 2001, it varied from 3 644 PPP units in Portugal (the lowest value) to 10 559 in Luxembourg (the highest).
- Income distribution is also marked by very considerable inequalities, between population groups and between Member States. In 2001, the 20% of the population with the highest income was almost five times better-off than the 20% with the lowest income. This indicator varied from 3% in Denmark to 6.5% in Portugal.
- A high percentage of the population lives in an unemployed household ³. In 2003 in the EU-15 some 10% of those aged between 18 and 59 were living in a household where no-one had a job.

With the rise in unemployment in recent years and benefit cuts in some Member States, poverty and social exclusion are now in reality probably even more widespread than the above statistics suggest. This points to the need to mainstream social inclusion within the Community's policies, especially monetary policy and internal market policy, with a view to defending the concept of quality public services while prioritising public investment in such social fields as health, education and training, housing, welfare, access to the legal system, culture and leisure activities, etc.

5. Education

There is general agreement on the importance of education, training, lifelong learning and research. Nonetheless, deep inequalities and endless inadequacies persist, showing that the stress laid on the matter by the Lisbon summit in 2000 has had little effect. It appears from recent statistics that, although the Commission has emphasised the need to prioritise action to reduce drop-out and failure rates, the situation remains grave in some Member States:

- In 2003, the drop-out rate for young people aged between 17 and 19 (those who left school without completing their secondary education) was 48.2% in Malta, 41.1% in Portugal and 29.8% in Spain. By contrast, in Slovakia, the Czech Republic and Poland the drop-out rate was only 4.9-6.3%.

¹ Eurostat Yearbook 2004.

² O The relative poverty threshold corresponds to the percentage living on less than 60% of average national income: in other words, the actual basic income presupposed varies widely.

³ The definition of a household as having all its members unemployed does not, obviously, take account of schoolchildren or students up to age 24.

- There are also major variations as regards lifelong education and training. In Sweden in 2003, 34.2% of those aged between 25 and 64 had followed education or training courses: the equivalent figure for Portugal was a mere 3.6%, and this in the Member State with the highest school drop-out rate.

Measures must be taken to change this situation, with priority being given to education, training and lifelong learning.