



Replies and comments to the Bureau of European Policy Advisers analysis on "Europe's Social Reality - a Stocktaking"

CEC is one out of the six cross-industry European social partners. Through its national member organisations and professional federations it represents 1.5 million managers in Europe. CEC represents the specific views of managers towards the European institutions and other stakeholders. CEC is also an independent social partner in the European Social Dialogue.

1. Introductory remarks

CEC welcomes that, roughly nine months after the publication of the Bureau of European Policy advisers' report, the Commission itself has taken a clearer position with regard to this consultation.

It has interpreted the communication from November 2007 ("*Opportunities, access and solidarity: towards a new social vision for 21st century Europe*") in a way that the Commission supports the idea of "Social Reality" as a political concept.

CEC views the Study on "Social Reality" as the beginning of a discussion on whether the EU's Social (Policy) Agenda should be placed on a substantially broader basis. CEC concludes that the Commission apparently considers including new political fields in its political agenda, especially in the field of social policy.

For CEC, the Lisbon process that has been the defining element of EU policy in the past years is built on three "pillars": 1) innovation as a driving factor in economic growth, 2) the transition to a knowledge society, 3) the need for social cohesion and environmental renewal.

CEC is convinced that the political instruments that have been developed under the Lisbon strategy (the European Employment Strategy, the Open Method of Coordination etc.) have set up a well-functioning and sufficiently stringent system of policy coordination. These instruments ensure political progress in each of the three "pillars".

Therefore, CEC currently does see a need for a much broader-based political approach in dealing with social policy issues at the community level. Rather, CEC fears that overstressing the agenda in the field of social policy might ultimately hamper the efficiency of the existing policies.

In CEC's understanding of a European Social model, the EU - but also the social partners - can legitimately play an important role in reaching social policy goals such as:

- improving working conditions
- enhancing equal opportunities
- securing universal social protection and inclusion.

Many of these policy goals are being adequately addressed in the Study on "Social Reality". Other subjects however, go much further, for instance the chapters referring to "The citizen as a consumer", "The impact of mass affluence", "The trend to individualisation".

Employee organisations such as CEC are undoubtedly affected by some of these developments, in particular the trend to individualisation, as it is the case of the political system as the whole.

However, CEC does not see an urgent need for new political instruments in order to manage social "mega-trends" at the EU-level.

CEC also doubts whether the concept of "Social Reality" itself really is a useful political category. It might be too shapeless and nondescript to allow for coherent policies.

Beyond that, CEC's vision of an ideal distribution of responsibilities between the EU and the member states in the field of social policy has been described by the Commission itself in its recent communication (from November 2007):

"Member States have the main responsibility for the policy changes that are necessary to translate this vision into reality. EU action will remain conditional upon proven added value, in line with subsidiarity and proportionality requirements. This is what citizens expect and this is what is usually most efficient. But this does not preclude a more pro-active role at EU level to catalyse change and to steer, support and accompany necessary reforms."

CEC fully agrees with this statement. However, it strongly recommends that the focus of EU's social policy remains on issues that are clearly related to labour-market issues, working conditions and social protection and inclusion.

As mentioned above, the CEC is convinced that the Lisbon Process, the European Employment Strategy and the Open Method of Coordination (and related policy instruments) have set up a functioning framework of policy coordination. However, in the past months CEC has occasionally criticised the way these instruments are being used.

This is particularly the case for the way, the "Flexicurity"-debate has been handled by the European Commission in the past. The study on "Social Reality" also reflects the debate on Flexicurity, for instance in the question "on the right balance of security and opportunity in the modern labour market".

Compared to recent communications by the Commission on Flexicurity - the authors' approach in the study of "Social Reality" is by and large unbiased and neutral.

Nonetheless, CEC would like to use the occasion and briefly summarize its current position on Flexicurity, before answering to the questions of the consultation in detail.

- a) CEC welcomes both the concept and the discussion on Flexicurity. It acknowledges that in order to keep flexibility and social security in a right balance a continuous process of monitoring and (eventually) re-adjusting the regulatory framework is needed.
- b) However, has CEC repeatedly criticised the Commission's political analysis as rather one-sided and biased. For instance, CEC is not convinced that "segmented labour markets" are the main reason for high unemployment in many member states. Neither is CEC convinced that arbitrarily chosen policy models such as the Danish "golden triangle" or elements from the Austrian labour market reform ("Abfertigungsmodell") can be used as a universal remedy for labour market problems in all Member States.

- c) In contrast, the "Common principles on Flexicurity" adopted by the European Council in December 2007 can be viewed as a step in the right direction. CEC welcomes the consensus between the member states that has been reached during the Lisbon summit in the end of 2007. According to the Councils' Conclusion there is no unique model of Flexicurity for all member states. The conclusions also state *internal* and *external* flexibility are equally important and should both be promoted. CEC welcomes these clarifications.
- d) CEC also supports the assessment of Flexicurity by ETUC, BusinessEurope, UEAPME and CEEP from October 2007. This statement deserves credit for highlighting that "important preconditions for flexicurity to work are sound macro economic policies and a favourable business environment" and that "flexicurity needs to be accompanied by the provision of good working conditions and quality of jobs". This means that Flexicurity must not only consist in de- and re-regulation but also requires the active engagement of the Social partners.

2. Answers to selected questions raised in the Study on "Social Reality"

1.0. General assessment

Do you agree with the analysis?

Do you have additional data that would support (or contradict) the analysis?

As to the following chapters of the study, CEC mostly agrees with the analysis of the current situation:

- "The transition to a post- industrial knowledge and service economy"
- "The Impact of the Welfare State"
- "Gender equality and demographic change".

However, due to their brevity, these chapters offer no fundamentally new insights for an informed reader.

The chapter "*Trend to individualisation*" deals with highly sensitive cultural matters such as differences in family values, sexual orientation and behaviour. In each of these fields there are considerable differences between the EU member states, depending on each countries culture, values and history. It is therefore of utmost importance to respect the subsidiarity principle in dealing with these issues, not only in the field of social security, but also in adjoining policy fields.¹

In other chapters, however, many of the authors' observations remain superficial, for example in the chapters on:

- "*The citizen as consumer*"
- "*The impact of mass influence*".²

CEC therefore does not contradict these analyses. However, as mentioned in the introductory remarks, CEC does not feel that such issues can be adequately addressed politically on the European level. Some of these phenomena might not be accessible to political regulation at all since they simply constitute individuals' private choices on their conduct of life.

Therefore, CEC has focused in its answers on policy issues that are directly related to the labour market, employment and social policy, education and reconciliation of work and family life.

¹ One arbitrarily chosen example for illustrating this point is the role attributed to family in reaching social security systems. Where as in southern countries the obligation to support dependent family members virtually substitutes substantial parts of a typical welfare state, this is only partly true in continental Europe (e.g. Germany) and even lesser in "universal" welfare states like in Scandinavia. Those differences are deeply enrooted for cultural and historical reasons and not likely to change any time soon.

² "There is evidence that most of us find the 'hedonic treadmill' ultimately unsatisfying and for those who cannot keep up in the consumption race, it seems a source of stress, accentuating problems of self esteem and feelings of personal failure. So alongside the explosion of healthy eating fads and diets, gyms and jogging, psycho-social factors are thought to be big contributory factors to binge drinking, obesity, and mental illness".

2.0. Answers related to the issue of "well-being"

What do you mean by well-being?

In addition to material possessions, what really matters in making our lives happy and satisfied?

CEC agrees with the authors' assessment that any attempt to define well-being should reach beyond the material living-standard.

However, as it is the case for the concept of "Social Reality", CEC does not really view "well-being" as political category or as a policy aim for which the EU or its members states can reasonably claim responsibility.

From CEC's perspective, well-being should primarily be defined individually, according to each individuals' preferences and objectives in life. Policy can only be a contributing factor to individual well-being.

Among the indispensable contributions Member States can contribute to an individuals well-being are: securing each individuals' human and fundamental rights, upholding the democratic system, a reliable justice system, public safety, the public infrastructure and guaranteeing adequate degree of social protection.

Beyond that, the quality of working life ("Good work") is also an important aspect of well-being. Here, the critical role of the Social partners must not be forgotten.

In sum, CEC believes that a better approach would be to translate the ambitious goal of "well-being" into smaller and more operable sub-goals. Such sub-goals would allow to assign clear responsibilities to the EU, the member states, the social partners and the individuals.

3.0. Answers related to the issue of "opportunity and access"

How would you list in importance the key factors contributing to well-being: for example, being in work, satisfaction in the job, opportunity for a good family life, adequate housing, good health, access to educational opportunity, chances of social mobility, good neighbours and friends, strong local community ties, feeling secure on the streets and in one's home?

What else?

For CEC a clear order in importance of the afore-mentioned "key factors" is not possible. Most factors are mutually interdependent (being in work, access to employment, satisfaction in the job social mobility).

Additionally, some of these factors can be influenced by an individual, others however describe the result of policy choices by the EU or the member states.

Therefore it is necessary to distinguish between political contributions to well-being and an individuals' contributions to well-being.

As to the afore-mentioned "key factors" CEC would like to comment as follows:

- For CEC being in work and, thus, having a reliable source of income for securing oneself and the immediate family members, is definitely an major source of individual well-being.

- Work should ideally not only be adequately paid but meaningful and fulfilling (this in the same time a nutshell-definition of satisfaction in the job).
- Due to increasing skill requirements, equal access to educational opportunities is an important prerequisite for access to well-paid and meaningful jobs. Equal access to educational opportunities is also crucial for increasing social mobility. Educational systems must not contribute to or support a "mere reproduction of social status".

Beyond that, a concept of well-being must include all members of society, i.e. those who are not or no longer part of the working-life.

Here the ultimate political goal is that of an adequate degree of social cohesion.

Good health as a key factor for well-being can be assured politically by continuing to guarantee universal access to adequate health care, long-term care. Sustainable and adequate pension systems, and unemployment benefits are equally important.

CEC views these systems of social protection not only as "enabling" and "supporting" factors for individual well-being, but also for economic performance since they help individuals to focus on their working lives.

And what do you think are the main obstacles in Europe today: not enough money, lack of decent jobs, too much pressure on the family and leisure time, poverty and inequality, inadequate public services such as health and education, prevalence of crime, lack of respect, problems of migration and multiculturalism?

What are the most important factors in maintaining or increasing one's opportunities in today's society? (Education, social status, wealth, health, public services etc)?

What needs to be done to expand educational opportunity for all through life? What could be done to make up for the consequences of early educational disadvantage being reinforced later in life; to reduce the number of early school leavers; to widen access to further and higher education particularly for the socially disadvantaged; and to grant access to all to learn through life?

What are the main barriers to finding a decent job and keeping up with the skills to obtain another, if need be?

What are efficient solutions to overcome these barriers and enlarge access to jobs?

Is the declining birth rate a purely private matter or should it be one of active public concern?

There are in fact numerous political problems that constitute obstacles for well-being. From CEC's perspective the following problems are among the most pressing:

- the lack of satisfactory answers to the economic effects of declining birth rates and ageing societies,
- a wide-spread underfunding of educational institutions,
- inequality in access to educational opportunities,
- legal obstacles for reconciling employment and continuing education

Especially education is, in a knowledge-based economy, the key for getting and maintaining adequately paid and meaningful jobs. Educational policy should not only focus on primary education at school and university. It should also deal with continuous, life-long learning throughout the career. Innovative solutions such as working-time accounts can be very helpful in reconciling work and the time requirements for continuing education.

For most of these problems CEC can currently not envision detailed legislative action at the community level. Nevertheless, a mutual exchange of information or the definition of policy goals by the EU might be helpful. The social partners can also contribute to an improvement of the situation in this specific field.

What is the right balance of security and opportunity in the modern labour market?

Finding a right balance between security and opportunity (as well the right balance between flexibility and security) has always been a major challenge in economic, social and employment policy. Success and failure in these fields heavily influences election outcomes, and even beyond that, the degree of legitimacy of a nation's political institution.

The ongoing debate on "Flexicurity" has made one thing clear. Depending on a countries' customs and traditions, the opinions vary considerably throughout the EU on the question, what exactly is a fair or a right balance between security and opportunity.

Whereas the Danish definition of "flexicurity" (Golden Triangle consisting of low protection against dismissal, high replacement rates, active labour market policy) might be considered as generally acceptable in Denmark. This is not necessarily the case in other countries with different traditions such as Germany or France.

EU-wide guidelines should therefore leave enough room for discretionary choices by the member-states and be more results-oriented rather than being too detailed in their policy recommendations.

Is stress at work rising and if it is, what is causing it – for example, new job demands, employment insecurity, inadequate work life balance?

Surveys conducted among members of CEC member organisation clearly indicate that workplace stress has been rising sharply within the last years. There are many contributing factors to this phenomenon. Skill shortages, new job demands, cost reduction and efficiency-increasing measures lead to a intensification (compression) of work. In sum, it has in fact been more difficult for many managers in the EU to reach an adequate work life balance in the past years.

What is needed to help 'dual-earner' couples balance work, family and leisure?

What can be done to ease the tensions of having a career and combining it with a decent family and private life for both women and men?

What are the barriers in society to happy family lives and can governments do anything to help remove them?

What are the social implications of the changing role of women? The role of men?

Reconciliation of work and family life is also closely linked to the issue of equal opportunities. Equal opportunities are an ongoing process that has been under way for a long time and has not come to an end yet. Among others it aims at giving women and men equal access to the educational systems, the labour market and to career opportunities.

Dual-earner couples face particular difficulties in reconciling work and private lives if they decide to have children.

In the past, the EU directive on parental leave has made a significant contribution by helping parents to reconcile work and childcare during the first three months following a child's birth.

Nevertheless, further improvements will be needed to reach a satisfactory between of work, family and leisure/personal life in a longer perspective.

CEC can not envision a uniform policy recommendation for the EU as whole. Currently, big differences exist between the member states concerning birth rates, the availability of childcare facilities and the fiscal systems (especially the taxation of married couples). Nevertheless, member states might agree on minimum standards in fields such as the availability of high-quality institutions for childcare or further legal entitlements to reduce working time after the first three months following the birth of a child.

***Why is poverty, especially child poverty, still so prevalent in Europe? What is to blame, how serious are the consequences for society and what if anything, should be done?
Does it matter if our societies are becoming more unequal?***

Families or dependents of managers are practically not affected by child poverty. CEC can therefore not competently judge on this issue. Nevertheless some contributing factors for child poverty seem obvious:

- unemployment
- problems with reconciling work and family lives, especially with regard to the availability and affordability of childcare. This might, in some cases, create incentives for parents to withdraw from the labour market and to receive public assistance.

In many countries it has been proven statistically that the parents' income situation and the educational success of their children are interlinked. In other words, social status as well as educational and job opportunities tend to become increasingly hereditary. The responsibility for solving this problem primarily lies with the members states.

How can an increasingly diverse society be also a cohesive one? How does diversity affect solidarity? How can integration be improved?

Diversity and cohesiveness should not be viewed as (potentially) conflicting goals.

Policy makers have to take into account that the increasing diversity of societies (in all of its dimensions: gender, ethnic origin, religion sexual orientation etc) is a given fact, . It can not be reverted or channelled in one or the other direction.

Speaking with the authors' own words, diversity merely means that the different concepts of "well-being" have multiplied. This does not automatically pose the threat of an atomized society consisting of small and mutually indifferent groups.

Of course, diversity does lead to conflicts of interests in some cases e.g. when discussing whether tax benefits should be extended to same-sex couples or whether institutional privileges should be extended to minority religions. By and large, CEC views these conflicts as manageable.

As far as "integration" is concerned, it should not be ignored that many countries face problems with the immigrants' integration.

In order to deal with this problem, the educational systems as well as working life should be viewed as the best starting-point to improve social integration of immigrants.

Preschool childcare systems and schools should have the responsibility in guaranteeing educational opportunities for immigrants and native citizens. Additionally they should also prevent or lower any existing language barriers.

How can access for all to (public) services such as justice, administration, culture, social services (and social housing) and social security be guaranteed?

Within the EU, a heated debate has taken place on whether services of general interest should be privatized or whether private companies should be allowed to become providers of services of general interest.

So far, the opinions on how far the liberalisation should go, have diverged considerably.

Anyhow, CEC believes that there is a core set of indispensable services for which certain standards should continue to be guaranteed regardless of who owns the service provider:

- universal access for all citizens
- high quality standards
- affordability

This core set of services includes social services but also the essential utilities (water, heating, electricity, phone connections etc.).

As life expectancy increases, how much will the burden of care for the elderly rise and who should meet it - in both financial cost and personal time?

CEC supports the EU policy goals for the health sector as they are expressed in the Open Method of Coordination: universal access to high quality care within a system that guarantees financial sustainability.

As long as universal access to high quality care remains ensured, CEC considers the fact that older people have to meet a higher financial burden for health care as fair and just.

Compared to previous generations of the same age, older citizens directly benefit from the results of functioning health care systems: longer life-expectancies but also in an improved life quality .

Therefore, higher direct health expenses are also indispensable for maintaining the financial sustainability of the health care systems.

What are the most important things that could be done to extend the number of years of good health that people enjoy?

In many instances, working conditions today do not allow for long working-lives in good health. In some jobs, especially those involving physically demanding task, it might not be able to solve these problems within a short period of time - even if all conceivable measures for occupational health and safety are taken.

Both the legislator and the social partners can make important contributions in this field.

Legislation on occupational health and safety has already reached a high standard EU-wide. Any regulatory gaps should be filled as soon as they are identified.

Beyond that, member states should be encouraged to develop instruments for filling the gap that still exists for many employees between the factual end of the working life and the legal retirement age. However, these issues are already being addressed in detail in the (afore-mentioned) mechanisms of coordination employment and social policies within the EU.

Can inequalities in health outcomes be reduced?

What can be done about health issues that are the result of lifestyle choice and how do we strike the right balance between individual and societal responsibility?

Inequalities in health outcomes can probably, be reduced only to a limited degree. Evidence has shown that people with lower incomes in fact tend to have lower life expectancies.

However, it would be an over-simplification to assume a direct link between income and life expectancies. Beyond individual predispositions, life expectancy is also influenced by individual lifestyle choices (health awareness, risk behaviour) etc.

As far as the political preconditions of individual well-being are concerned, the necessity of keeping up an adequate degree of social cohesion has already been mentioned.

However a completely even distribution of wealth and income is neither imaginable nor is it economically desirable.

Therefore, given that social differences will continue to exist, the political priority should lie on awareness raising measures, information and in creating incentives for healthier life-styles

How can access for all to health services be guaranteed?

As already mentioned with respect to the Open method of coordination, CEC views universal access to health services as an indispensable, even non-negotiable element of social policy in Europe.

How exactly this goal is met (public health services financed from the tax revenue, mandatory membership in a health insurance systems financed through contributions or other models) should continue be decided by the members states as it is the case today.

How serious is the impact of crime and anti social behaviour on well-being and what can be done?

Organised crime, corruption or infractions against European competition regulations are adequate issues to be dealt with on the EU level. Other forms of crime or anti social behaviour require targeted approach corresponding to the specific situation within the Member States.