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**NOTE**

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from :            Presidency  
to :                Delegations

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Subject :        **SPC contribution to the informal Employment Summit (7 May 2009)**

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Delegations will find attached, for information, the Social Protection Committee's contribution to the informal Employment Summit, which took place in Prague on 7 May 2009.



# The Social Protection Committee

## SPC contribution to the Employment Summit (7 May 2009)

The May Summit will consider concrete proposals to address the employment impact of the crisis and its social consequences in the context of the EU common framework. Three workshops will prepare the Summit discussing the following topics: *a)* maintaining employment, creating jobs and promoting mobility; *b)* upgrading of skills, matching of labour market needs; *c)* increasing access to employment.

The current crisis and the lessons from past economic crises highlight the importance of effective, adequate and financially sustainable social policies to cushion the impact of adverse economic developments, notably through social protection systems that act as automatic stabilisers while supporting labour market participation, to prepare and contribute to recovery, and to preserve future growth potential.

As recalled by the European Council, a strong EU coordinated response should mobilise all available instruments, including the Community resources, and fully integrate growth, employment, social inclusion and social protection strategies. The concrete involvement of the Social Partners and representatives of civil society organisations is necessary to help identify challenges and guarantee effective delivery of policy initiatives.

The present note recalls the main views already expressed by the SPC with respect to the specific topics addressed by the three mentioned workshops.

## 1. Maintaining employment, creating jobs and promoting mobility

Measures aiming at maintaining people in employment and helping them, including the more disadvantaged groups, to enter or re-enter in the labour market, are essential to lower the social impact of the crisis. These measures also contribute to contain the increasing pressure on social security expenditure. Promoting job creation and facilitating occupational and geographical mobility is also crucial. Joblessness, whether due to unemployment or inactivity, is one of the main driving factors of poverty and exclusion.

In time of economic crisis, social protection systems should fully play their role of automatic stabiliser in order to guarantee adequate benefits for the most affected, to restore and strengthen confidence and help pave the way for recovery. Where necessary, social protection systems shall be adapted to the current situation and modernised. Ensuring adequacy of social protection is a key aspect of the social security component of flexicurity. Specific attention should be given in this context to new risks of exclusion (in particular the workers in precarious employment, the young, lone parents, the elderly and migrant workers). The situation of self-employed persons, with lesser social protection coverage, should be taken into account considering their significant contribution to employment.

Promoting longer working lives and participation in the labour market, avoiding measures that induce premature withdrawal from the labour force such as early retirement schemes, should continue to be supported in the current economic crisis.

As unemployment and labour market transitions may affect the level and continuity of pension contributions, and thereby reduce the adequacy of future pensions, the issue of the continuity of contributions throughout the life-cycle should be addressed.

## 2. Upgrading of skills, matching of labour market needs

Education and training for all is a major policy tool to prevent and combat poverty and disadvantage. There is wide evidence that early school leavers are more exposed to unemployment and poverty risks. In periods of rapid transitions between jobs and sectors due to structural changes in the economy, training is an important tool to support mobility of workers. It is also important that all workers have access to skills upgrading schemes, including the most disadvantaged (the young low skilled, people in precarious jobs, migrants, older workers, etc).

Skills upgrading in strategic and emerging sectors, such as health and long-term care services, will help matching future labour demand supply needs and contribute to economic growth and social cohesion.

Both health and long-term care belong to the expanding sectors of the economy in several Member States. As resulted from the 2009 Joint Report on Social Protection and Social Inclusion, long-term care services are under-developed in several countries and presently tend to be organised in the grey economy. Moreover, the social monitoring of the crisis conducted jointly by the SPC and the Commission<sup>1</sup> revealed that several Member States are investing in social services infrastructures to strengthen the growth potential and the cohesion of their societies. Interventions intend to generate labour demand, while improving access to various social services, including health and long-term care, child care. Hence matching the labour supply needs of the health and long-term care services are among the very predictable skills challenges of the next decades across the Union, as recently illustrated by the Commission<sup>2</sup>.

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<sup>1</sup> "First joint assessment by the Social Protection Committee and the European Commission of the social impact of the economic crisis and of policy responses" (Council doc. 7166/09).

<sup>2</sup> Commission Green Paper on the European Workforce for Health [COM(2008) 725].

Specific attention should be therefore devoted to upcoming employment possibilities in the health and social services sectors providing adequate skills for workers. In particular those in informal care and volunteering activities should be enabled to use their experience when seeking employment by fostering the recognition of the skills they have acquired. Consideration should be given to further exploit the potential role of civil society organisations and of the social economy in the field of educational and vocational training as well as potential employers.

### **3. Increasing access to employment**

The case for a rapid implementation of the Commission Recommendation on Active Inclusion of people excluded from the labour market, adopted in October 2008 and endorsed by the Council, becomes even stronger in the current critical economic context. Active inclusion strategy is based on the three principles of adequate income support, inclusive labour markets and access to quality services.

Adequate income support is particularly needed in the context of the crisis, when chances to enter or re-enter the labour market are reduced and an increasing number of people may have to rely on "last resort" social assistance. Effective social safety nets are not only crucial to address the distress suffered by the most vulnerable members of society but also to avoid or mitigate potentially severe losses in terms of human capital and to preserve future growth potential. Their design should facilitate the return to the labour market and prevent long-term dependency while ensuring dignified living conditions to those who cannot work.

The integrated implementation of active inclusion strategies will also help identify gaps and challenges in social assistance and social benefit schemes. A specific attention could be devoted to "pathways" for reforming and modernising existing schemes in line with the common principles enshrined in the Commission Recommendation and promoting close coordination among all involved actors. The implementation of social inclusion policies suggests that effective tailor-made active inclusion strategies aiming at the most vulnerable entail the active participation of all relevant actors.

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