

Conference “The European Pillar of Social Rights: going forward together”, 23 January.

Question to and answers from Allan Larsson,
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1. You have travelled across the EU as part of the consultation on the European Pillar of Social Rights and you talked to many people. What are peoples' main concerns? What are the messages that you draw from your talks?

It has been a great pleasure to work for President Juncker and having this opportunity to listen to people from all Member States, here in Brussels and in capitals, in more than 70 meetings over the last 10 months.

Can I start by summarizing all these discussions in a single one-liner?:

Economic and social policies have to become two equal sides of the same coin - there must be a better balance between financial Europa and Social Europe to bring all citizens aboard.

That is the main message. This is what the consultation process has focused on and that is the theme for today's conference. I would like to explain this in a few points:

1. First, there is a very broad support for the European Pillar of Social Rights, and for upward convergence, at the same time strong emphasis on subsidiarity from governments, both governments with well-developed and successful social policies and from those lagging behind.
2. Second, both employers and trade unions are in agreement that social and labour market policies have to be modernised. Then there are, as expected, differences. ETUC expects the European Commission to promote and defend social rights with the same urgency and commitments as economic and financial rules; Business Europe would like to see the Pillar paving the way for the design of benchmarks that can act as a compass for the necessary reform of labour markets, education and training systems and social systems in all Member States.
3. Third, there is a lot of expectations from NGOs all over Europe to get support for a new orientation; they focus on the needs of people, young and old, men and women, able and disabled, on social investment in child care and old age care, rejecting the idea that social policy is a burden, on the contrary, social policy should be seen as a productive factor.
4. My fourth point is about the rapid development of opinions over these ten months, of a new understanding of the importance social policy and economic policy as two equal sides of the same coin.

Back in March last year, there were a lot of question marks on the European Pillar of Social Rights, from left and right. When we started the discussions and analysis

again after summer, there was a new interest, new energy and new commitment and seriousness.

If people feel that society has left them behind, you cannot expect that the recovery alone and business as usual will solve all problems. You, as governments, social partners and European leaders have to admit that we are living in a decade of discontent, make a proper assessment – and act accordingly.

To underline this message, I would like to quote one person, the president of the European Central Bank, Mr Draghi. Central bankers seldom intervene in debates on social policy. When they do, you should listen carefully. He says – I quote:

“What is different from the past is that today we must devote more attention to the redistributive aspects of integration, and especially to those people who have paid the highest price”.

“I do not think”, Mr Draghi says, “there will be significant progress in terms of opening up markets and competition, if Europe does not listen to the demands of those left behind by a society built on the pursuit of wealth and power” – end of quotation. That is a message that you have to take onboard.

2. You have in all your meetings during the consultation process put one question, which you have branded “the inconvenient question”. Could you explain this question? And could you tell us what answers you have heard?

The inconvenient question goes like this:

- *How come Europe, with the biggest internal market in the world in purchasing power, and the best social systems in the world, has performed badly in terms of economic and social developments after the financial crisis? Is it due to lack of implementation of rights? Due to big gaps in social protection? Or any other reasons.*

This is a difficult question, but extremely important question. If you cannot give a qualified answer, you cannot shape a good policy.

My own answer – the inconvenient truth - is:

yes, there are implementation gaps,
yes there are gaps in the safety nets
and yes there the consequences of macroeconomic policies with two deep dips in investment and employment during the last eight years.

You have to address all these weaknesses in public policies

The core of the problem is that public policies are not well designed to cope with the dynamic transformation of our economies and labour markets. It is a question of design as well as priorities and resources.

We have, as I see it, a two-speed labour market. There is a high pace in the transformation of existing jobs due to technology and trade. Jobs are lost and jobs are

created. Most new jobs require new and more sophisticated skills, digital knowledge, languages, problem solving capacity etc.

On the other side, the supply side, the labour force: When jobs disappear, people become redundant. Some will find a new job quickly, particularly those with the right skills. Others will become unemployed, a big part will become long term unemployed. Newcomers are facing a difficult start.

In average 10 percent of those out of work are offered new skills or other bridges back to work. That means that the rest have to find a new job in the emerging digital labour market with old skills or no skills at all. This is the mechanism behind the fact that people are left behind. There are too few bridges back to work, too few bridges to the new working life.

This is, in my view, one of the most pressing issues in the preparation of European Pillar of Social Rights.

3. And you personally, what do you see as the critical success factor for the European Pillar of Social Rights to make a real difference to people's lives in the coming years?

My answer to your question on success is both about content and about political message.

My suggestion is to shape three distinct agendas for immediate, medium and long term action:

- One employment agenda, including bridges back to work as a social right, no one left behind
- Second, a decent work agenda for the digital economy as a twin to the Digital Single Market agenda – here the new German initiative on Work 4.0 could give inspiration
- Third, a welfare agenda for young and old in an ageing Europe, based on the understanding that child care, education, health care, old age care, gender balance, are necessary for the wellbeing of citizens and at the same time bringing new job opportunities. It is about investment, about social policy as a productive factor.

That is about substance. Finally, a few words about the political message. My advice to you is: avoid the discussion on “more Europe” or “Europe first”. That is a political trap.

My suggestion is that you turn this discussion upside down. Social and labour market policies are about citizens' rights – let us talk about “citizens first” – or “people first”. It is a joint responsibility for all of us, social partners, Member State governments and European Institutions to shape a common agenda and for each one to use its own mandate to act. The role of the EU is to support Member States – as it has done since the beginning of “new Europe”.

Remember that we are living in a decade of discontent. Many people feel left behind. Social and labour market policies are your instruments to live up to citizens' expectations and to turn discontent into support!