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# SOCIAL AGENDA



## Employment and social analysis

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### 2013 ANNUAL GROWTH SURVEY

*A special emphasis on fairness*



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### YOUTH UNEMPLOYMENT

*Stronger response urgently needed*



## EDITORIAL



*The latest social and economic developments in the European Union and in the euro area indicate that accurate and timely statistics are essential, both to analyse what is going on and to monitor the effects of the policies implemented at national and European level.*

*There can be no common EU policy, or no EU-level coordination of policy, unless genuinely European data is collected and analysed. This in turn requires reaching a consensus on words, concepts and indicators, i.e. on what exactly to look for and analyse, and why!*

*It is clear that we have to invest in adequate and timely data, based on common European definitions.*

*This silent revolution has been going for quite some time in academic circles. It is now making itself felt in policy-making, at EU level.*

*The new edition of the European Commission's Employment and Social Development in Europe annual review, which already merges labour market and social data, extends its scope to the social impact of taxation. For the first time, it also provides a dynamic analysis of long term unemployment, on one hand, and poverty and social exclusion on the other. Moreover, it uses new indicators such as "financial distress", which throw a social and human light on statistics.*

## *"Paving the way for the Social Investor State"*

*The silent statistical and analytical revolution is in fact paving the way for the implementation of a concept that has been gathering momentum over the last few years and is already a reality in a country like Sweden: the Social Investor State, taking over from the Welfare State; a State which invests in the economy through*

*people, with a combination of high-level social protection, early childhood care and education, support to youth training, education and employment, active ageing and proper care for the elderly.*

*From balancing out economic efficiency with solidarity to achieving economic efficiency thanks to solidarity!*

### **Koos Richelle**

*Director General of the European Commission's Employment, Social Affairs and Inclusion department*

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## NEWS IN BRIEF

### 8 January 2013: Growing divergence and higher risks of long-term exclusion

After five years of economic crisis and the return of a recession in 2012, unemployment is hitting new peaks not seen for almost twenty years, according to the 2012 edition of the Employment and Social Developments in Europe Review. Household incomes have declined and the risk of poverty or exclusion is on the rise, especially in Member States in Southern and Eastern Europe. The impact of the crisis on the social situation has now become more acute, as the initial protective effects of lower tax receipts and higher levels of spending on social benefits (“automatic stabilisers”) have weakened. A new divide is emerging between countries that seem trapped in a downward spiral of falling output, fast rising unemployment and eroding disposable incomes and those that have so far shown good, or at least some, resilience. The latter tend to have better-functioning labour markets and more robust welfare systems (see special feature p.14 onwards).



Street death: the risk of poverty or exclusion is on the rise.

### 20 December 2012: Increasing demand for more skilled professionals



In good health: the demand for health professionals continues to grow.

The European Commission has published two reports to analyse skills needs in Europe: the European Vacancy Monitor and the European Job Mobility Bulletin. The latest Vacancy Monitor shows that although most of the main occupations experienced a decline in recruitment in the first quarter (Q1) of 2012 compared to Q1 2011 (crafts and related trades -12%, operators and assemblers -7%, elementary occupations -13%), two high-skilled groups of occupations continued to grow: professionals (+5%) and technicians and associate professionals (+2%) which are employed in a broad range of sectors such as business, finance and health. The December issue of the European Job Mobility Bulletin analyses the vacancies published on the EURES portal. It shows that good job opportunities are available for finance and sales associate professionals (87 000 vacancies), shop salespersons and demonstrators (66 700 vacancies), housekeeping and restaurant services workers (40 500 vacancies), personal care and related workers (40 300 vacancies) and modern health associate professionals except nursing (39 000 vacancies). In order to better assess what skills are the most needed, which can help policy-makers in the design of education curricula but also young people in choosing their education and jobseekers in making better informed career choices, the Commission recently introduced the EU Skills Panorama.



# NEWS IN BRIEF

## 20 December 2012: Low-wage earners - One out of six employees

The proportion of low-wage earners among employees amounted to 17.0% in 2010 in the EU. This proportion varied significantly between Member States, with the highest percentages observed in Latvia (27.8%), Lithuania (27.2%), Romania (25.6%), Poland (24.2%) and Estonia (23.8%), and the lowest in Sweden (2.5%), Finland (5.9%), France (6.1%), Belgium (6.4%) and Denmark (7.7%). Low-wage earners are defined as those employees earning two thirds or less of the national median gross hourly earnings. Hence, the thresholds that determine low-wage earners are relative and specific to each Member State. There are large differences between men and women, levels of education and types of contract.



© ImageGlobe  
Large differences: the proportion of low-wage earners differ greatly between men and women.

## 19 December 2012: €25.3 million to help redundant workers

The European Commission made payments to France, Ireland, The Netherlands, Spain and Sweden from the European Globalisation adjustment Fund (EGF). The total amount of €25.3 million will help 4722 workers in those

countries back into employment, following their dismissals in a wide variety of sectors including aluminium, broadband services, metal products, construction, car manufacture and the pharmaceutical industry.

## 10 December 2012: Closing ceremony of European Year 2012

The European Year 2012 has mobilised a wide range of stakeholders across Europe to take action and create better opportunities for active ageing and strengthening solidarity between generations. It has given rise to hundreds of new initiatives and events at European, national, regional or local level dealing with employment,

social participation and independent living of older people, many of which will be of long-term benefit. A review of these activities took place at the closing event of the European Year for Active Ageing and Solidarity between Generations 2012 in Nicosia (Cyprus) on 10<sup>th</sup> December 2012.

## 7 December 2012: EU Skills Panorama to tackle mismatches

The European Commission officially launched the EU Skills Panorama, a website presenting quantitative and qualitative information on short- and medium-term skills needs, skills supply and skills mismatches. The Panorama, drawing on data and forecasts compiled at EU and Member State level, highlights the fastest growing occupations as

well as the top 'bottleneck' occupations with high numbers of unfilled vacancies. Currently, there are around 2 million job vacancies across the EU despite high levels of unemployment. The website contains detailed information sector by sector, profession by profession and country by country.

## 5 December 2012: Youth employment package of measures

Measures to help Member States tackle unacceptable levels of youth unemployment and social exclusion by giving young

people offers of jobs, education and training have been proposed by the European Commission (see article p.12).

**2013 ANNUAL  
GROWTH SURVEY**

# A special emphasis on **fairness**

## The burden of reform must be shared fairly and the most vulnerable must be protected

Continued reform is needed to generate sustainable growth and jobs: Such is the main message to the Member States of the 2013 EU Annual Growth Survey (AGS) which the European Commission adopted in November 2012, kick-starting in the process the European Semester for economic policy coordination. It says to the Member States: Pursue growth-friendly fiscal consolidation, restore normal lending to the economy, promote growth and competitiveness for today and tomorrow, tackle unemployment and the social consequences of the crisis and modernise public administration.

The AGS sets out what the Commission believes should be the overall economic and social priorities for the coming year. It provides Member States with policy guidance to boost growth and employment, in line with the EU's long-term growth strategy, Europe 2020.

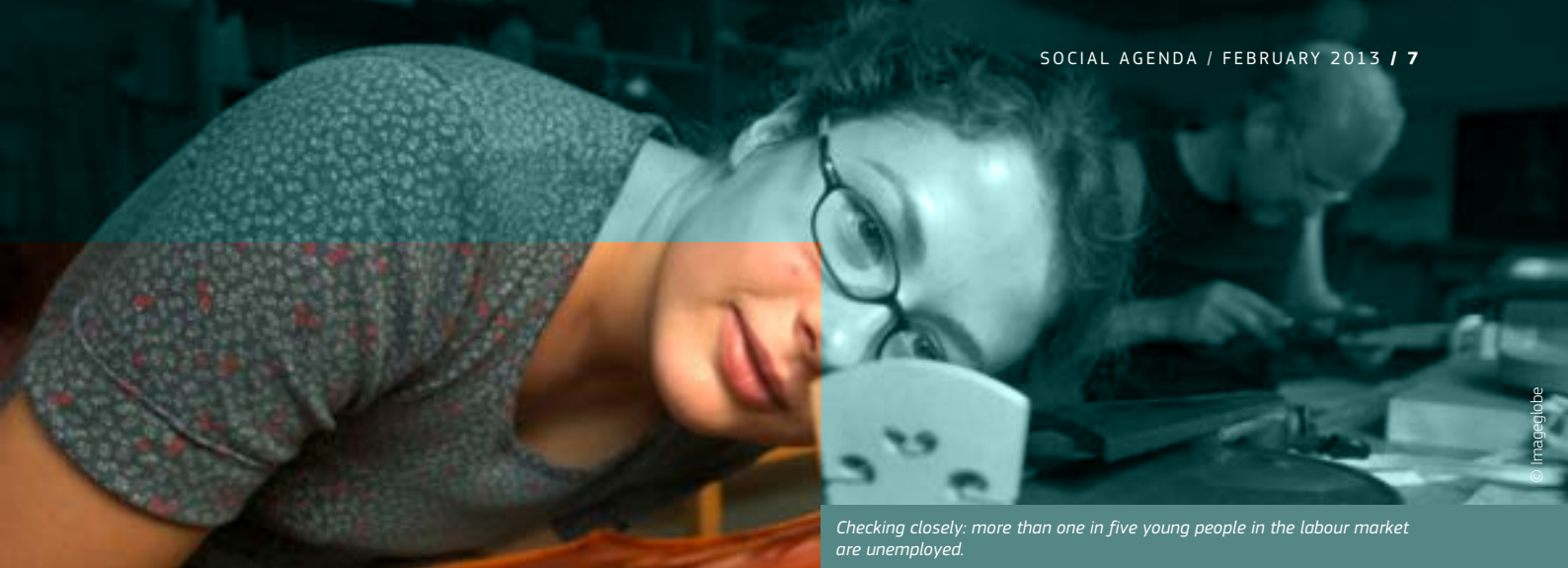
### Urgent response

The labour market situation calls for an urgent response. Over the last 12 months, the number of unemployed people has increased by 2 million and there are now more than 25 million



© Getty Images

Accompanying: the European Commission proposes that Member States develop a youth guarantee.



*Checking closely: more than one in five young people in the labour market are unemployed.*

people without a job in the EU. Long-term unemployment has reached alarming levels and the situation of young people has dramatically deteriorated in many countries.

The AGS outlines priorities to prepare for a job-rich recovery, improve employability levels and promote social inclusion. Member States should boost public employment services and step up "active labour market policies" (job-seeker' assistance, apprenticeships, support for entrepreneurs and quality traineeships).

The situation of young people is particularly worrying, with youth unemployment reaching 50% in many countries. The AGS invites Member States to develop a youth guarantee, whereby every person under the age of 25 receives an offer for a job, further study or a traineeship within four months of leaving formal education or becoming unemployed.

The AGS emphasises the need to protect the most vulnerable. Income taxes and social security contributions should be reduced, particularly for the lower paid. Reforms should be stepped up to simplify employment legislation and develop flexible working arrangements, and to make sure that wage developments support job creation. Additional efforts are also needed to ensure the effectiveness of social protection systems and develop active inclusion strategies.

In other words, macroeconomic adjustments and fiscal consolidation are necessary. However, they should be implemented in ways that ensure sustainable growth, more and better jobs and reinforce social inclusion.

At present, the different EU Council of Ministers (Council) formations are discussing the AGS. They will report to the Heads of States and Governments (European Council) in March. The European Council will then adopt policy guidance for the Member States' national budgetary and economic plans, which are sent to the Commission in April.

Having analysed these programmes and with the AGS priorities in mind, the Commission will issue country-specific recommendations in May, in time for these to be endorsed by the European Council in June. The Member States should then incorporate this policy guidance into their annual budgets and sectoral legislation.

## Diverging situations

Annexed to the AGS is a draft Joint Employment Report, which analyses the employment situation in Europe. It is based on an examination of the way the Employment Guidelines adopted by the Council in 2012 were implemented, as well as on an analysis of the National Reform Programmes sent by the Member States as part of the European Semester process.

The Report shows that there is a growing divergence between national unemployment situations (4.4% in Austria, above 25% in Greece and Spain). Net job creation has consistently decreased at EU level and across Member States.

However, jobs are still being created or remain unfilled in a number of sectors. Between 2008 and 2011, the health and social work sector created more than 1.8 million new jobs and the net demand in this sector is expected to increase by 8 million up to 2020. In the information and communication technology (ICT) sector, up to 700 000 unfilled job vacancies are expected to be available by 2015.

The overall EU unemployment rate is currently at 10.6%, while in the Euro area it reaches 11.6% - the highest level since the birth of the Economic and Monetary Union. The unemployment trend is going up in the majority of Member States. In the second quarter of 2012, 11.1 million Europeans had been unemployed for more than twelve months.

More than one in five (5.52 million) young people in the labour market are unemployed. The unemployment rate for young people increased in most Member States. Across the EU, more than half of young people dropping out of school are unemployed.

Average household incomes are declining in many Member States and recent data points to higher levels and deeper forms of poverty and social exclusion.

The draft Employment report is due to be adopted by the Council after discussions in the EU Employment Committee (EMCO), which is made up of representatives of the European Commission and of the Member States. EMCO also meets regularly with the trade unions and employers.



## EUROPEAN GLOBALISATION ADJUSTMENT FUND

# Sharp increase in 2011

EU co-financing paid out to Member States rose by 54.1 % compared to 2010



Active labour market measure: EGF funds up-skilling and retraining courses.

More than 21 000 workers, who had been dismissed due to the economic crisis and the effects of globalisation, were helped to find new job opportunities by the European Globalisation adjustment Fund (EGF) in 2011.

Still in 2011, the EU's budgetary authorities (the European Parliament and the EU Council of Ministers) took 22 decisions to deploy EGF funding to help workers who had been dismissed in 12 Member States, for a total amount of € 128 million: a 54.1 % increase compared with 2010. This is due to the impact of the global financial and of the economic crisis, which had led to a dramatic increase in applications in 2009.

The support was granted to co-finance active labour market measures proposed and organised for the workers by the countries concerned, over a 24-month period following the date of application: intensive and personalised job-search assistance, various types of vocational training, up-skilling and retraining measures, temporary financial incentives and allowances for the duration of the active measures, and other types of support such as business creation support and public employment schemes. The EGF financed 65 % of the measures, with national sources providing the remaining 35 %.

### The two sides of globalisation

The EGF was created at the end of 2006 upon a proposal by European Commission President José Manuel Barroso, and was effectively launched at the beginning of 2007. It was designed to reconcile the overall long-term benefits of open trade in terms of growth and employment with possible short-term adverse effects, particularly on the employment of the most vulnerable and lowest skilled workers. It was specifically targeted at redundancies caused by trade-related globalisation.

In order to benefit from EGF-funded services, workers must have lost their jobs as part of a redundancy of 500 or more employees from a single business and its suppliers, over a period of up to four months. Workers directly affected by redundancies totalling at least 500 in the same sector in a given region, or in two contiguous regions, over a period of up to nine months are also eligible. EU co-financing amounts to 50 % for a total available budget of € 500 million per year, taken from outside the EU budget on a case by case basis.

From 1 September 2009 to 30 December 2011, the scope of the EGF was widened to include workers made redundant as a result of the global financial and economic crisis, and





the co-funding rate on the part of the EU was raised to 65%. However, the EU Council of Ministers did not agree to prolong this reinforcement of the EGF beyond the end of 2011.

Since 2007, the Commission has received 101 applications for assistance, amounting to €440.5 million from 20 Member States. Some 91 000 redundant workers have already benefited from, or were about to receive EGF assistance, when the report was published. Most applications originated from Spain (17), followed by the Netherlands (16). They cover 33 industrial sectors: 65% of all applications concern manufacturing, especially the automotive industry, textiles, machinery equipment and the printing industry. A further 10% of applications were linked to the construction industry and another 10% to services (wholesale and retail trade, ICT services, road transport, social work, warehousing/storage and call centre communication services).

### Beyond 2013

The Commission has proposed to maintain the EGF during the 2014-2020 EU budgetary period (for which a multiannual financial framework will be adopted). Applications in case of a crisis (broadly defined) could become a permanent possibility. Additional categories of people such as temporary workers, self-employed and owner-managers of SMEs could become eligible to EGF funding. The co-financing rate would be increased for the less well-off Member States (it would stay at 50% for the others) and an objective of 50% of re-employment after one year would be set.

At the time of printing, France was suggesting that the EGF could be turned into a much broader instrument, to help redundant workers in all cases of major restructuring. At present, Member States can only call upon the EGF in specified circumstances (globalisation or crisis) and only once people had been notified that they would be made redundant. France would want EU money to be granted once restructuring plans for an enterprise in difficulties

had been agreed by the social partners, and before the redundancies actually took place. This idea would require major additional funds to be made available, which is however unlikely in the present circumstances characterised by budgetary cuts.

### ***To the rescue of automotive workers in Spain***

*A request for EGF funding was submitted by Spain to the European Commission in December 2008, related to the automotive industry in Castilla y Leon and Aragón. A total of 1 082 redundancies had occurred in 12 businesses in the sector in those two regions between January and October 2008. These redundancies came on the back of a long-term decline in the EU's global market share for motor vehicles.*

*Following the redundancies, active employment measures were funded by the EGF for 588 workers from four of the larger enterprises. These included guidance, preparation of personal pathways, generic and specific training, specialist re-integration support and job-seeking incentives. Job vacancies were also identified through contacts with many businesses in the two regions. Maintaining these after the implementation period should increase workers' longer-term prospects.*

*By the end of the implementation period, which ran from March 2008 to December 2009, 184 (35.5%) of the workers had found new jobs. Those who had not found a job nonetheless felt that the measures had increased their employability.*

**For more information:**

<http://ec.europa.eu/egf>

## SOCIAL INCLUSION

# European aid to the most deprived

A decision on creating a new fund was in the hands of EU ministers and of the European Parliament at the time of printing



Coluche: the founder of the Restos du Coeur, Michel Colucci, was behind the creation of the first EU fund for the deprived.

The European Commission has proposed to set up a new fund to help the most deprived persons in the EU. It would support Member State schemes providing food, and, as far as homeless people or children suffering from material deprivation are concerned, basic goods such as clothing or shoes.

In addition to material assistance, the Fund for European Aid to the Most Deprived (FEAMD) would provide accompanying social inclusion measures for the most deprived persons. It would explicitly target people suffering from food deprivation, homeless people and children.

The Member States would establish detailed criteria to allocate assistance. This assistance could even be carried out by partner organisations, as they are best placed to target it to local needs.

### Plugging the cohesion policy gap

The European Social Fund (ESF) is and would remain the main EU instrument to support employability, fight poverty and promote social inclusion. However, the most vulnerable people, those who suffer from the most severe forms of poverty, are often too excluded and too far from the labour market to benefit from the activating measures of the existing EU instruments, in particular the ESF. The FEAMD would make it possible to help the most deprived and hence plug a gap in the EU cohesion policy.

The distribution of material assistance would make it possible to reach out to these people and help them take the first steps towards overcoming poverty and exclusion. Ensuring that





people have enough food and basic goods such as clothes is a pre-condition for them to even hope to get a job and thereby escape from poverty and exclusion.

The FEAMD would be implemented through 7-years operational programmes covering the 2014-2020 period, under the primary responsibility of the Member States. This multi-annual approach provides the kind of predictability that is required for genuinely strategic programming. The

management rules proposed have been designed in such a way as to fit with the specific objectives and target population of the FEAD.

In its proposal for the long term EU budget 2014-2020, the European Commission foresaw a budget of €2.5 billion for the FEAMD. Member States would be responsible for paying 15% of the costs of their national programmes, with the remaining 85% coming from the Fund.

### **Food deprivation, homelessness and child poverty**

*The Fund for European Aid to the Most Deprived which the European Commission has proposed to create would target those who are particularly badly off among the 116 million people in the EU who are at risk of poverty or social exclusion.*

*40 million people are suffering from severe material deprivation in the EU and 4.1 million people are estimated to be without a home.*

*One of the main features of material deprivation is the inability to access appropriate quantities and quality of food. In 2010, 8.7% of the EU population (43 million people) was unable to afford a meal with meat, chicken, fish (or a vegetarian equivalent) every second day; a figure that is likely to have carried on increasing in 2011.*

*Overall, children are at a greater risk of poverty or social exclusion than the rest of the population (27% against 23% for the total population). 5.7 million children cannot afford new clothes and 4.7 million do not have*

*two pairs of properly fitting shoes (including a pair of all-weather shoes).*

### **How it would work in practice**

*Under the proposed Fund, the Member States would be responsible for implementing a national programme, covering the period 2014-2020.*

*Partner organisations, often non-governmental, would be responsible for delivering the food or goods to the most deprived persons. They would also have to undertake basic social integration activities, which could also be supported by the Fund.*

*National authorities would be able to use the Fund either to purchase food or goods and make them available to the partner organisations or provide the partner organisations themselves with funding to do so.*

*The Commission proposal also foresees the possibility to use food stored in agricultural intervention stocks, if and when there are any such stocks.*

## YOUTH UNEMPLOYMENT

# Stronger response urgently needed

## European Commission puts forward a package of measures



More than twice as high: 22.7% of working-age youth are unemployed compared to 9.2% of adults.

22.7% as against 9.2%: The youth unemployment rate is more than twice as high as that for adults. And long-term youth unemployment (over 12 consecutive months) has gone up by 3.7 percentage points to 7.3% of the young labour force between 2008 and 2012, compared with a 1.8 point increase (to 4.3%) for adults.

Almost a year after launching a Youth Opportunities Initiative (see box), the European Commission put forward on 5 December 2012 a package of measures for “moving youth into employment”.

### Youth Guarantee

First of all, the Commission urges the EU Council of Ministers to adopt a Recommendation on spreading throughout the EU a Youth Guarantee, which some Member States (Finland, Austria...) have already put in place: schemes ensuring that at least within four months of leaving formal education or becoming unemployed, young people up to the age of 25 receive

a good quality offer for a job, continued education, an apprenticeship or a traineeship. To this end, the Member States will be able to make full use of the EU structural funds, in particular the European Social Fund. The European Commission will monitor implementation through the European Semester process of EU-level economic policy coordination.

Secondly, the European Commission is consulting the EU-level trade union and employers' organisations on a Quality Framework for Traineeships. Traineeships can increase the employability of young people and be stepping stones towards regular employment... provided they are of good quality both in terms of learning content and working conditions.

Thirdly, the Commission is setting up a European Alliance for Apprenticeships, in a bid to improve the supply and quality of company-based apprenticeship schemes. This Alliance will bring together stakeholders from authorities, business and social partners to vocational education and training researchers and practitioners, as well as youth representatives. It will pool various streams of existing actions under a common umbrella and promote the benefits and ways of successful apprenticeship schemes, as well as ways to build them up.

The Commission will also promote national partnerships for developing dual learning. These will bring together business representatives, authorities responsible for education and employment, ESF managing authorities and social partners. Together, they will work out how the role of apprenticeships in the national labour market and education systems can be strengthened and how national ESF allocations can be drawn upon in designing and implementing dual-learning systems.

### Mobility

One of the keys for addressing the specific challenge of youth employment is to encourage mobility from one Member State to another, inside a more integrated European labour market.

Indeed, youth unemployment levels vary substantially from one country to another, while in some Member States the job





*Allies: the European Commission is setting up a European Alliance for Apprenticeships.*

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vacancy rates are on the rise. Intra-EU mobility can therefore give young people access to more employment opportunities.

Young people are open towards mobility, as confirmed by the success enjoyed by programmes aimed at studying abroad, such as Erasmus and Leonardo da Vinci, confirms.

In stark contrast, transnational traineeships and apprenticeships are not yet widespread, although they provide an opportunity of trying working in another country without immediately committing to long-term employment.

In March 2012, the Commission launched a campaign called "We mean business" to raise companies' awareness of existing EU programmes in favour of cross-border European company placements.

Also in 2012, the Commission launched its first specific initiative to support employment mobility, "Your first EURES Job". It is named after the EURES pan-European job search network. The action helps young people aged 18 to 30 find work in other Member States by combining customised job-matching and job placement services with EU financial incentives (e.g. covering travel costs for a first interview or for linguistic courses).

In the first half of 2013, the Commission will launch a consultation with stakeholders on developing a EURES Jobs for Young People programme. This will be part of the EURES axis of the future Programme for Social Change and Innovation, which the Commission has proposed for the years 2014-2020. It will build upon the lessons learnt from "Your First EURES Job" and in the area of education.

#### **For more information:**

<http://ec.europa.eu/social/youthemployment>

### **Youth Opportunities Initiative – Implementation well advanced**

*At least €10 billion of EU funding has been targeted for re-allocation in favour of youth employment or for accelerated delivery in the eight Member States with the worst youth unemployment record in the past twelve months, under the Youth Opportunities Initiative launched at the end of 2011 by the European Commission.*

*At EU level, the Commission is making European Social Fund (ESF) technical assistance available to help set up apprenticeship-type schemes, cross-border learning mobility and social innovation projects targeting youth. It is also increasing volunteering opportunities and financing cross-border traineeships and entrepreneur exchanges.*

*In response to visits by European Commission Action teams and bilateral meetings between the Commission and national stakeholders, many Member States have taken action to boost youth employment. They have developed youth employment plans and stepped up education and training programmes.*

*Country fact sheets outlining the measures taken by all the Member States, including Croatia, are annexed to the "Moving youth into employment" Communication, adopted by the Commission on 5 December 2012.*

<http://ec.europa.eu/social/main.jsp?catId=89&langId=en&newsId=1731&moreDocuments=yes&tableName=news>

**SPECIAL  
FEATURE**

# The political issues behind data analysis

## The 2012 edition of the Employment and Social Developments in Europe review is new in many ways

How do people actually live and work in the European Union? How do they evolve in this respect from one year to the next and over a longer period of time? Since 2011, the European Commission produces every year a review which brings together data on both employment and social developments in Europe.

The 2012 edition of the review, which the Commission adopted on 8 January 2013, features in particular a “dynamic” analysis of long-term unemployment and of poverty, based on new “longitudinal” data (tracing the course of people over multiple time periods) as well as a chapter on the employment and redistribution impact of taxation.

This special feature focuses on the methodology of data collection and analysis: How the European Commission goes about collecting, inter-connecting and analysing data from different policy areas which are traditionally viewed separately.

It starts with an article on the synthetic “key features” part of the 2012 Employment and Social Developments in Europe report.

It goes on to look more closely at the new ways of approaching data related to poverty and social exclusion, on one hand, and long-term unemployment on the other.

Finally, it highlights the fundamental political issues that underpin the seemingly technical one of data collection and analysis. It does so by giving the floor to the heads of social and employment analysis in the European Commission’s Directorate General for Employment, Social Affairs and Inclusion (DG EMPL): Robert Strauss and Radek Maly.

You will also find articles related to the issue of labour market and social data collection and analysis at the beginning and at the end of this issue of *Social Agenda*: In the editorial (p.2) by the Director General of DG EMPL, Koos Richelle, in the “news in Brief” section (p.4) and in the “Other Voices” column (p.26) by Maria Jepsen, the European Trade Union Institute’s Research department Director.

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**For more information:**

<http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7315>





*The reasons for this: poverty and social exclusion are linked to the policy set up in each country.*

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# Employment and social developments from new angles

## 2012 review features “dynamic” analysis, new indicators and a chapter on taxation

Published by the European Commission on 8 January 2013, the 2012 Employment and Social Developments in Europe review contains several novelties.

For the first time, parts of the report are based on longitudinal data: Collected by getting back to the same households over several years, such data makes it possible to carry out a dynamic analysis, highlighting the transitions at work in areas such as long-term unemployment and poverty. It brings out in particular to what extent the poverty and social exclusion processes are linked to the policy set-ups in each country.

Another first: the report contains a chapter on taxation. Shifting taxation away from labour, as advocated by the Commission, may be a good idea. However, there are different ways of doing this and the employment effects and redistributive impact of each option have to be carefully thought out.

The report is also based on more timely social data. Data alternative to the standard poverty indicators, has been used to identify the social trends. For example, a more systematic use has been made of the evolution of national account variables on household income, i.e. the average amount of money actually available in each household. The fact that people have less money in their pockets is not only bad for the economy. It is also a sign that society as a whole is getting poorer. If this is

accompanied by a rise in inequality in each country, this really means that social conditions are deteriorating.

National account data was also used to illustrate the role of social protection: how would incomes evolve if social protection worked differently? The report upholds the case that the countries that are doing better are also those that have more effective social protection systems. Of course, they also happen to be the richest countries (the Nordic countries, Germany...) but it's not always a question of magnitude: it can also be one of design.

For example, Spain and Italy spend a larger share of their GDP than the EU average on their social protection systems... but they are not very efficient in protecting the incomes most in need of protection, and in reducing poverty. That is because a large part of their social protection spending is devoted to pensions and much less to young people and children.

Another example is Ireland, which has a much targeted social protection system. Lone Irish mothers receive quite good support but very little incentive to enter the labour market, as child care is too expensive. If there are 20% of jobless households in Ireland, this is partly due to the fact that it is not even possible for people to enter or re-enter the labour market. The Irish social protection system carries too many disincentives.



# SPECIAL FEATURE

## Financial distress

Yet another novelty in the 2012 review is the creation of a new indicator: one of financial distress. It was created out of data collected in the framework of consumer surveys. Such surveys are usually carried out from a business perspective, to see whether people are likely to consume or not. The financial distress indicator, on the other hand, uses this data to identify the share of people who have to draw on savings or have to resort to debt to keep up with current expenses.

In some EU countries, the poorer people have increasing difficulties to make ends meet, whereas in other countries, the crisis has not had a big impact on the financial situation of households, whether rich or poor. The financial distress indicator also contributes to more timely social data, as it is based on monthly consumer surveys.

Social data usually takes much longer to collect than economic data, because it is based on people's annual incomes. In a bid to improve its timeliness, the European Commission is now looking into monthly incomes, in order to ascertain whether they provide a good indication of the likely evolution of annual income.

Similarly, the Commission is using simulation models to estimate the present-day poverty rate. It combines data on poverty, which takes two years to collect, with the labour market developments and changes in the policy rules that have occurred in the meantime.



Keeping up with current expenses: A "financial distress" indicator now identifies the share of people who have to draw on their savings.

However, the timeliness of social data is also a question of resources and, therefore, of political will.

### For more information:

<http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7315>

## 2012 employment and social developments review – Key features

- *Labour market divergence among Member States, and social polarisation within each country, are on the rise.*
- *There is higher long-term unemployment, especially for the young.*
- *Inactivity has not increased significantly.*
- *The job-matching process is showing signs of deterioration.*
- *Segmentation in EU labour markets (between well-protected workers and those with a temporary contract) is continuing.*
- *Wages and labour costs have started to adjust.*
- *Gender pay gaps persist in some Member States.*
- *There have been some reductions in the tax wedge.*
- *Minimum wages may have played a supportive role.*
- *Average household incomes have started to decline in many countries.*
- *There are signs of weakening of the cushioning impact of the welfare state.*
- *There are also signs of adverse social effects of recent tax reforms, and potential for improvement.*
- *There is a diversity of trends in income inequalities during the crisis.*
- *Poverty and social exclusion are on the rise.*
- *Women still face a higher risk of poverty and exclusion than men.*
- *In-work poverty increased significantly in one third of Member States.*
- *Working age people, children, youth and migrants have been most affected.*
- *The risks of long-term exclusion are confirmed.*
- *Many national employment rate targets look increasingly ambitious.*
- *There is a slippage on poverty and social exclusion reduction targets.*



# Status of social statistics on the rise

Social data is increasingly considered on a par with economic data



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*Some are more equal than others: One euro spent on child benefits can reduce the poverty rate more in some countries than in others.*

For a long time now, the EU has been striving to find out how economic policy affects people concretely: not just in labour market terms but also in social terms, including poverty and material deprivation. This kind of data is all the more crucial as the present economic crisis drags on, in the aftermath of the 2008 financial crisis.

Breaking the divide between employment and social issues is a key aspect of the Europe 2020 strategy for smart, sustainable and inclusive growth, which was launched in 2010. The strategy governs the way the Member States coordinate their economic policy on a yearly basis through the European Semester governance process.

In turn, the European Semester calls for a precise evaluation of each of the Member States' progress towards achieving the aims of the strategy, such as reaching an employment rate of 75% of the EU active population and reducing the number of people in poverty by 20 million.

Since 2003, the European Commission has developed a multidimensional set of common employment and social indicators, EU-SILC, which takes into account social well-being (including health, education, labour and housing conditions) and distribution of income. It helps provide data-based arguments for the country-specific recommendations which the EU addresses in the middle of each year

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to the Member States, before they draw up their national budgets for the following year.

## Child poverty

Indeed, it is becoming increasingly difficult to consider individuals' labour market and social situations separately: With regard to their relation with the labour market, on one hand, and in relation to social protection, on the other.

Child poverty, for example, can only be properly analysed through an integrated social and labour market approach: Some children are living in poor households because their parents earn insufficient earnings from the labour market - and child benefits are not sufficient to compensate for the cost of raising a child.

Employment analysis will make the connection with the fact that the level of wages might be insufficient in a particular country. It could also show that the parents are not in a position to participate enough in the labour market because only one of them is working, or both are working but find themselves on short term or precarious contracts. This in turn raises the issue of disincentives for working: In some Member States, the cost of childcare is so high so that it is not worth the mother going back to work.

Social analysis will analyse the impact of social benefits and whether or not they compensate for the cost of raising a child and help families get out of poverty. In some Member States, one euro spent on child benefits can reduce the poverty rate more than in others. This could be due to the fact that some benefits are universal while others are targeted.

## Differences in time

However, to fully understand the whole picture of poverty and social exclusion, a better understanding of the processes is needed. A good way is to complement "cross-sectional" data (collected by observing subjects at the same point of time, without regard to differences in time) with "longitudinal" data, which follows individuals' situations over a period of several years.

Cross-sectional data makes for a static analysis, whereas longitudinal data leads to a dynamic analysis, tracing the flows that get people in and out of certain labour market and social situations.

In particular, longitudinal data makes it easier to understand how poverty evolves over time. For example, someone who was poor one year can get out of poverty the following year and fall back into poverty the year after - a phenomenon known as "recurring poverty". Or different people might experience short but unique spells of poverty.

For the years 2006-2009, cross-sectional "static" data show that the average at-risk-of-poverty rate in the EU among the working age population was 14%. However, the picture that emerges from a dynamic analysis of longitudinal data reveals that twice as many people - 28% of the EU population - had experienced poverty at least once during that period of time! Indeed, there is no such thing as "the poor" on one side, and "the rest" of the population on the other.

Social data is becoming more and more multidimensional, dynamic and timely. As a result, it is increasingly considered on a par with labour market and economic data. Together, these three kinds of data give flesh and blood to a more comprehensive and integrated political vision: that of an inclusive growth.

## ***The dynamic nature of poverty***

*Poverty and social exclusion are on the rise – and deepening – in many Member States, especially for certain groups of the population. This increases the risks of greater long-term exclusion. An in-depth understanding of what can be done to address and prevent poverty and long-term exclusion needs to take into account its dynamic nature.*

*The risks of entering into – or the chances of getting out of poverty – vary across EU Member States. Evidence-based profiling of the different population subgroups facing poverty or social exclusion suggests that individuals trapped in poverty for a longer period and living in persistent poverty, have a specific profile compared to those experiencing shorter (despite possibly reoccurring) poverty spells.*

<http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7315>

# A real-life vision of long-term unemployment

New kind of data gives a more vivid perception of the reality behind the statistics



*Longer and longer: a marked increase in the number of short-term unemployed who have turned long-term.*

Who are the unemployed which statistics add up, survey after survey? Static aggregate figures may provide unemployment rates at a given point in time but they will not reveal whether or not they are dealing with the same people, from one survey to the next. Nor will they say anything about the transitions these people go through. What were they doing before being unemployed? With what kind of contract? What has happened to the people classified as “short-term” unemployed some time ago? And how are the present short-term unemployed doing?

For the first time, in 2012, the EU statistical office Eurostat has managed to extract “longitudinal” data (see previous article) from the EU labour Force Survey, showing the evolution of labour force status in 17 EU Member States over a period of one year: from 2005 to 2006, 2006 to 2007 etc., up to the 2010 to 2011 period. This makes it possible to carry out a dynamic analysis: calculate the turn-over rates among the unemployed and identify the factors which lead to long-term unemployment.

## Marked increase

The picture that emerges is one of a marked increase in the number of short term unemployed who have turned

long-term unemployed, while a significant proportion of those that were long-term unemployed are now classified as “inactive”, i.e. no longer available for the labour market, or simply discouraged (wanting to work but not looking any more for a job). Yet, the overall inactivity rate has not increased, in sharp contrast with previous recessions when people were encouraged to leave the labour market altogether.

Long term unemployment is on the rise in most EU Member States, particularly in those that are worst hit by the present crisis (the Baltic States, Spain, Slovakia and Greece). It is likely to carry on rising for quite some time.

The situation varies considerably from one Member State to another, from 1% of the active population being long-term unemployed in Austria to 9% in Slovakia. However, 90% of the increase in the number of long-term unemployed that has occurred since 2008 is concentrated in 8 countries, including 43% in Spain.

## Men, low-skilled and young people

Dynamic analysis also identifies the groups that are affected by long-term unemployment. Whereas at the turn

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of the century, women were the worst affected, the trend has changed since 2007: men have seen higher increases, as the building industry and heavy industry have been hit by the crisis.

However, women tend to switch more than men to the “inactive” category and to remain there for a longer period: In practice, the task of looking after not only children but also parents (their own and sometimes those of their partner) often falls on women. This raises the issue not only of gender balance but also of the availability of affordable services for taking care of dependent people.

For young people, the job finding rate among the unemployed has gone down (from 40% in 2006-07 to 30% in 2010-11) whereas in the past, they had a better rate than that of workers aged 25 to 49. Although this rate has gone down for the most qualified (from 48 to 40%), it is still way above that of the less qualified (24%, down from 33%).

It has also been possible to measure the impact of the previous job situation on the evolution of the unemployed's fate. People who worked before in sectors such as the construction, accommodation and food service activities or in the area of administrative support to companies, are faced with a double disadvantage: a high unemployment risk, doubled with the highest risk of not being able to get out of unemployment easily.

## Persistence rates

Finally, a dynamic analysis reveals the persistence rate of unemployment: How Member States are performing in terms of return of the unemployed to work or of the persistence of long-term unemployment. The Northern EU countries, for example, although originally much affected by the crisis, have a low unemployment persistence rate, and therefore quite a high rate of return to work.

In Slovakia, Bulgaria and Greece, by contrast, most of the unemployed are not able to get out of this situation one year after. In Italy 40% of the long-term unemployed find themselves in the “inactive” category a year later. This is due to the low level of unemployment benefits, to the weakness of public employment services and to the lack of social support (e.g. child care) in this country.

As the conclusion of the chapter on long-term unemployment, in the 2012 report on social and employment trends, states: “Evidence points to the need to promote a

favourable institutional setting: namely, a well-adapted policy mix of unemployment benefits, active labour market policies, employment protection legislation and in-work benefits that both protect and activate the unemployed. The appropriate policy mix is, however, country specific and there is no universal solution”.

## Country-specific policy mixes

*The rise in long-term unemployment has been uneven between Member States and in various population sub-groups, occupations and sectors.*

*The probability of finding a job is higher for the short-term than the long-term unemployed, but both groups have seen their transition rates to employment declining.*

*In order to prevent and tackle long-term unemployment, country-specific policy mixes are required which are tailored to particular groups (e.g. the short term unemployed at low risk of becoming long-term unemployed; the short-term unemployed at high risk of becoming long-term unemployed; those who are already long-term unemployed).*

*There is no universal policy mix, but the ability to balance the need for adequate income protection with appropriate work incentives depends on the effective design of both unemployment benefit systems and active labour market policies.*

<http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=7315>



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*Unemployment persistence: In Greece, most of the unemployed people are still in this situation one year later.*



# Paving the way for evidence-based policy

Radek Maly and Robert Strauss are respectively in charge of social and employment analysis in the European Commission



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*Combining social and employment statistics and analysis: Radek Maly (left) and Robert Strauss (right).*

## *Why combine employment and social affairs statistics and analysis?*

**Robert Strauss:** To provide a common knowledge base and come up with evidence-based policies in those areas. A crisis that creates a lot of unemployment has an immediate impact on the incomes of people. If the social protection system works adequately, this impact can be mitigated but sooner or later it filters through into the income situation and therefore has an impact on social policy. If the social services function well and inexpensively, they may improve the participation of people in the labour market. A great example is child care services for single parents - single women in most cases - and for women in general. The availability of those services is crucial to provide support, both in terms of social and employment policy.

## *Is social data on a par with employment data?*

**Radek Maly:** The crisis has highlighted the outstanding problem of the timeliness of social statistics. We

simply do not have sufficiently timely data to support the analysis of social developments in the Member States and, more importantly, to support effective monitoring of progress towards the Europe 2020 target of reducing the number of people at risk of poverty or social exclusion by 20 million. The income data provided by EU-level surveys tend to be anything between two and three years old. This was perhaps more acceptable when you had stable developments and the economic cycles were relatively mild, as was the case up to the early 2000s. Since the onset of the crisis, this is completely unacceptable. We see some possibilities for improving this situation. We are currently working closely on this issue with our colleagues in Eurostat.

## *What is this timeliness problem due to?*

**Robert Strauss:** It could be due in part to a lack of resources but the most important issue is really of a methodological nature: most of the data related to poverty or income distribution must be based on income. Yet income is by definition a yearly issue because, for many people, monthly income tends to fluctuate. Quality information on the annual income therefore always refers to the year before. And then the different modes of collecting social data in different Member States cause additional delay: In some countries, it is based on administrative reports; in others, on surveys where they ask people about their income for the past year.

## *Poverty cannot be captured in simple digits*

*Governments can fall on a bad unemployment rate. Could they fall on a bad poverty rate too?*

**Radek Maly:** Poverty is a very complex phenomenon which is not so straightforward to capture and describe through simple figures that can be advertised to the voters. We have

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*Close to breaking point: The austerity measures adopted by governments make it urgent to address the issue of social expenditure as a productive investment.*

this rather complex three-pronged approach to poverty and social exclusion, where we look at poverty in relation to a national median income, material deprivation (the crucial indispensable items that people are not able to afford) and the percentage of people living in jobless households, i.e. the labour market aspect. This fairly complex structure, which has been adopted by the Member States, is still quite hotly debated in academic circles.

**Analysis and statistics must be crucial for the Social Investment Pack (SIP, which the European Commission was putting forward at the time of printing)?**

**Robert Strauss:** Absolutely. The SIP contains documents on the recent social trends and on the measurement of poverty and social exclusion. The SIP also covers issues such as the cost of poverty. It has a recommendation on child poverty... Considering social expenditure as a productive investment is not a completely new approach. However, the recent developments – namely, the austerity measures that national governments have been taking – have made it quite urgent to address it at EU level. In order to really

make growth sustainable in the long run, some investments are crucial in order to preserve existing human capital and ensure its sustainability, from small children onwards, in a lifecycle approach.

**Would you say that employment statistics and analysis bridge the gap between social and economic analysis?**

**Radek Maly:** Yes, labour market analysis has always been a mainstream part of economics but the EU employment strategy, ever since its inception in 1997, has always had a fairly strong social component. And the EU employment guidelines from the very beginning stressed not only the number of jobs but also their quality. There has always been a close interaction between employment as a source of economic growth but also employment as a means of social inclusion. There is a general perception that the vast majority of people should be given the opportunity to participate in the labour market, apart from the most severely handicapped or the very ill. Everybody else, for their sake and society's sake, should be encouraged and facilitated to be in the workforce.

# SPECIAL FEATURE

## The social side is part of a strong economy

*So labour market policy at EU-level also has a social aim?*

**Robert Strauss:** What the SIP is very explicitly trying to show is that the social side is an integral component not only of a strong Europe but of a strong economy. Those countries which are the strongest in Europe tend to be also those which have the most highly developed social side, not just because they can afford it but because they have this social vision in the first place. The exception in the world is the US. However, the present crisis began in the US! The idea of social expenditure as a productive factor was forgotten a bit in better times. In the current context of fiscal austerity, it's quite crucial to put it on the table. However, the need for a lifetime attitude and lifelong learning has been around for 25 years, and that really did put the emphasis on pre-primary education.

*So child care is emblematic of the integrated approach?*

**Radek Maly:** From the earliest days, the Commission's emphasis on child care facilities has always had a strong employment dimension, to allow both parents to go out to work. There has always been this perception that this is one of the best methods to prevent poverty from being transmitted from generation to generation. One way to break the transmission is affordable child care. That gives even children from relatively deprived families a chance

with professional pre-school education in the broad sense to escape more easily from their roots. We have been able to demonstrate quite clearly that every euro invested into education at the earliest stage, in pre-school education, is the most efficient euro invested into a person throughout his/her life. There is also a huge amount of evidence from occupational health and safety, in view of the costs of work accidents, where a small investment can carry big returns. The same can be said about anything that cuts down delinquency and drug addiction.

**Politicians are beginning to realise that they need social data too**

*Does such a preventive approach require a mentality change?*

**Robert Strauss:** There is a widespread public perception that social spending is a cost rather than an investment. It's something the press promotes in many countries. It often is a bit of an uphill struggle. Finding the evidence is not a massive challenge. What perhaps is more of a challenge is that a lot of the primary data which is collected through surveys, or directly from administrative sources, is not easily available at European level. Politicians want the latest hard economic data, including on unemployment, because it shows how the economy is performing. But they are beginning to realise that they need social data too, to see the consequences of what they are doing, including in terms of unemployment.



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*From day one: Every euro invested into a person at the earliest stage is the most efficient euro invested into a person throughout her life.*

## SOCIAL ECONOMY

# The lessons from the ground

The potential of social enterprises is increasingly recognised by national, regional and local authorities



*Good for people, good for the economy: social enterprises make up a largely untapped source of inclusive growth and sustainable jobs.*

Inclusive growth, social investment... Such concepts try to break the divide between the economic and social spheres at EU level. On the ground, this divide has already been partly breached by two million enterprises in the EU. In the period between 2002-3 and 2009-10, the social economy's share of employment in Europe rose from 11 million to 14.5 million jobs (6.5% of the EU workforce).

Under its present form, the social economy sector is 150 years-old but it still has not developed to the full. Indeed, it is in its infancy in some EU Member States. Yet social enterprises make up a largely untapped source of inclusive growth and sustainable jobs.

Social enterprises are pioneers in developing new markets and creating sustainable jobs in key areas such as health care, work integration, education and lifelong learning, culture, the green economy, the digital society, fair trade, transport and community development in general.

They are often involved in civil society initiatives aiming at social change and innovation. For instance, they often introduce ways of reducing emissions and waste in their activity,

using energy more efficiently and using the Internet in a participatory way.

They produce affordable goods and deliver high-quality services that meet collective needs. They are also a factor of social inclusion and empowerment, as they employ people from disadvantaged groups and provide social services to vulnerable persons.

### More resilient

In the face of the present crisis, social enterprises tend to employ more people (relative to turnover) than mainstream small business. They are often made up of active citizens who are engaged at grass-root level and who are good at detecting new needs. The fact that they are based on the values of solidarity and cooperation has also helped them adapt to the crisis.

As the crisis drags on, it is evolving from a financial and economic crisis to a social one. This calls for a rethink of economic and social policy and action and a fresh focus on social justice and solidarity - precisely those values for which the social economy stands.

However, social enterprises are confronted with specific disadvantages and obstacles. The finance system tends to put them at a disadvantage in granting credit. Legislation and administrative practice in public procurement, state aid, taxation and financial markets do not take sufficiently into account their specificities. Social entrepreneurs may lack business skills. There is also a lack of statistics and instruments to measure the social value generated by social enterprises.

### A specific ecosystem

Authorities at national, regional and local level are starting to recognize the potential of social enterprises and the





*"Work in stations": a social economy bicycle recycling workshop next to a railway station in Brussels, Belgium, which benefits from EU funding.*

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European Commission is committed to stimulating this process. Its objective is to create an "ecosystem" conducive to their development.

In 2011, the Commission adopted the Social Business Initiative, an EU-level action plan to facilitate social economy enterprises' access to funding, raise their visibility and improve their legal framework, thus ensuring that they are considered on equal terms with other forms of businesses.

The Employment Package, adopted in April 2012, encourages labour demand and job creation through promoting and supporting self-employment, social enterprises and business start-ups.

During the 2007-2013 EU budgetary period, the European Commission has provided financial support for social innovation, social economy and social experimentation through the European Social Fund (€6 billion for social innovative approaches) and the Progress programme (€10 million for social policy experiments) and the European Progress Microfinance Facility (€203 million of micro-loans for the establishment and development of micro-enterprises).

The Youth Opportunities Initiative, launched by the European Commission in December 2011, provides €3 million of ESF technical assistance for the setting up of support schemes for young business starters and social entrepreneurs.

### **An investment priority**

For the next budgetary period, which runs from 2014 to 2020, the Commission has proposed making social economy and social enterprises an investment priority. This would pave the way for the EU Member States to include targeted activities in their ESF programmes, based on an integrated policy framework for the promotion of social economy and social entrepreneurship. It would do so in the form of

provision of support for business development or business transformation of social enterprises, for social enterprises' access to finance, including through financial instruments and for awareness raising and recognition of the sector.

The Commission has also proposed to draw together the Progress programme, the European Progress Microfinance facility, as well as the EURES network of employment agencies, into a single Programme for Social Change and Innovation, extending their coverage in the process. At least 17% of the Progress strand would be allocated to promoting social policy experimentation as a way of implementing social innovations.

### ***In every sector of the economy***

*Social enterprises are defined at EU level as undertakings which, regardless of their legal form, have as their main objective the achievement of measurable, positive social impacts, rather than generating profit, and which use their profits first and foremost to achieve their main objective.*

*70% of the people who work in social enterprises are employed in non-profit associations, 28% in cooperatives and 3% in mutual organisations.*

*Social economy enterprises are present in almost every sector of the economy, including banking, insurance, agriculture, craft and various commercial services.*

*<http://ec.europa.eu/enterprise/policies/sme/promoting-entrepreneurship/social-economy/>*

OTHER  
VOICES

# Social science has a major role to play

Before the crisis hit in 2008, the challenges to the welfare state and social cohesion were already considerable, not only in terms of financing but also of managing, and responding to, the changes in economic as well as social structures.

Today, they are exacerbated by the lack of public finances, continuously increasing unemployment, stagnation of productivity growth and population ageing. How can European Member States, via institutions and policies, continue to guarantee the well-being of their entire population?

Social and employment policy analysis can contribute to identifying and highlighting the tensions, contradictions and arbitrations that need to be addressed by policy-makers. It can help to clarify what is known and what is not, disentangle complex matters, render visible the invisible and emphasise the existing policy options and their implications. It can initiate data collection and the information gathering that are essential to getting a better understanding of the input, processes and outputs of institutions and policies, and thereby create the necessary foundations for evidence-based policy making.

## Evidence-based research

Evidence-based research can be addressed in various manners and can be based on various models.



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*Maria Jepsen: social and employment policy analysis can create the necessary foundations for evidence-based policy making.*

The most commonly used seems to be the evaluative approach which is driven by policy questions and which aims at answering questions like: what policies are effective and under what circumstances? This model of evidence-based research takes the status quo for granted and limits the investigated variables to the particular problem to be solved. It seeks solutions and adaptations within a given context. Often this is the approach used when identifying best practice, thereby steering the policy approaches and strategic issues to be addressed.

At the other end of the spectre lies the problem-seeking approach where there are no, or little, limits between research, society and politics. This approach, based on critical social research, is not oriented towards adapting or maintaining a status quo. Rather than simplifying and solving problems, it sets out to ask new and challenging questions.

Confining evidence-based research to one approach would be to limit and neglect the potential of social science in supporting policy making, as it should not only aim at answering policy-relevant questions but also contribute to getting a different understanding of how the questions asked can be understood.

## A sustainable relationship

The relationship and inter-connectedness between the research and policy community is of course vital to the pertinence of the process. In some countries there is a longstanding tradition in evidence-based policy-making. In others, this relationship is more complicated and less institutionalised.

In order to foster a sustainable relationship, a set of principles seems key: respect for each other's role; trust; acceptance of closeness and distance; and transparency. This requires time and capacity building for both communities, in order to find meaningful ways of having a dialogue on questions, methods as well as results, and to move from a linear to an interactive model of research.

Research to support policy-making cannot and should not replace policy-making. Shaping social justice in our societies is a highly political and normative issue that should not be answered solely by social scientists.

**Maria Jepsen**

Director of the Research department, European Trade Union Institute

*Max Uebe: from peace in Cyprus to youth unemployment, tackling tangible issues where EU action can make a difference.*

## INTERVIEW

Max Uebe is head of the Youth Employment, Entrepreneurship and Microfinance service in the European Commission's Employment and Social Affairs department since February 2012.

### From one burning issue to the next

*In the meantime you have become head of the Youth employment, entrepreneurship and microfinance service.*

I arrived in this new position just when the Commission was sending "action teams" to the Member States which have the highest rate of youth unemployment in the EU, in particular to help them refocus European Social Fund money towards young people. I had to deliver a "Youth Employment Package", ensuring that no youth under 25 would be left more than four months outside of education, training or work after leaving school or getting unemployed, improving the quality of traineeships, setting up a European Alliance for Apprenticeships, and facilitating mobility of young people. The Commission put forward the Package on 5 December 2012.

*Cyprus peace plan and EU membership, working time, youth unemployment... Ever since you joined the Commission, you have been dealing with burning issues!*

Well, I have also dealt with other issues, such as pensions, to which anybody can relate, even my parents! That's the nice thing about employment and social affairs. Of course, there is the unpleasant context of the crisis, but also the feeling that we in the Commission can help people to a certain extent. In my current position, I am also dealing with entrepreneurship, including social entrepreneurship – supporting businesses that have a primarily social or societal objective – , and the EU Progress-Microfinance programme. There again, these are tangible issues where you feel you can make a difference. I went to the first anniversary of a Belgian microfinance provider in Saint-Gilles. There, I had the opportunity to speak to young migrants who have received microcredit and set up their own bakery. It's great to look into the eyes of people who have benefited from the help we can bring.

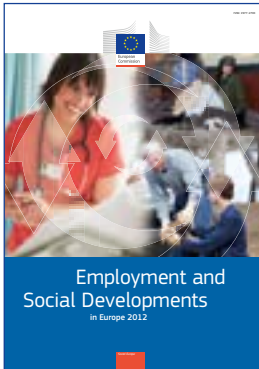
#### *Cyprus reunification and EU membership was your first job in the European Commission?*

Yes, from 2002 to 2005 I worked in the Cyprus team of DG Enlargement. In spring 2004 I was embedded in the United Nations team negotiating the reunification of the island. My big boss was Peruvian, my direct boss was Indian and I worked closely with a Chinese woman from Taiwan: this is what working in a world organisation is all about! There was also the fact that Nicosia is the last divided city in Europe. Being German, this resonated with me. There is even a café called "Café Berlin" next to the dividing line in Nicosia!

#### *Then you tackled another difficult issue – working time in the EU – when you joined Commissioner Spidla's team in Brussels.*

In 2001, the EU Court of Justice ruled that on-call time (time spent not working at the work place, e.g. fire-fighters who have 24-hour shifts, doctors who stay overnight in a hospital) has to be calculated as working time. If you do so, many people will find themselves well above the EU ceiling of 48 hours per week, so we had to find a solution, e.g. to distinguish between "active" and "inactive" on-call time. It took four years to reach an agreement in the Council of Ministers on how to revise the EU working time legislation but, exceptionally, no agreement was found in the conciliation with the European Parliament. I carried on working on this file with Mr. Spidla's successor, Commissioner Andor. The social partners are now negotiating and revising the working time directive.





## Employment and Social Developments in Europe 2012

DG Employment builds on the first Employment and Social Developments in Europe (ESDE) Review in this second edition, by conducting an analysis of the economic and social situation in the EU. Following a year which has seen several Member States witnessing escalating debt crises, public spending is decreasing. With different parts of the EU seeing different social and employment trends, finding the right policy responses in certain key areas is crucial. Long-term employment exclusion, its impact on the labour market and the broader social dimension, is considered in this context. The functioning and efficiency of various social protection systems is also examined, with a particular focus on the effect of distributional and design aspects. Finally, the Review looks at the impact of wage developments and the problem of skill mismatches as well, concluding a fair and equitable structural adjustment agenda is needed. This publication is available in printed format in English.

Catalogue No: KE-BD-12-001-EN-C



## European Vacancy and Recruitment Report 2012

The European Vacancy and Recruitment Report is the first of a set of biennial reports to be launched by the European Commission as part of the EU Skills Panorama. The report focuses on changes in the demand for labour, including analyses of contractual arrangements, sector demand, occupation demand, growing occupations, difficult to fill vacancies (bottleneck occupations), skills requirements and the market shares of public employment services and temporary work agencies. The report shows that top bottleneck occupations all over Europe are in health, ICT, engineering, sales and finance. This publication is available in electronic format in English only.

Catalogue No.: KE-30-12-983-EN-N



## The European Social Fund – Investing in people

This brochure introduces the European Social Fund: setting out what it is and what it does; and describing how ESF activities are helping many groups of people from across Europe to get new skills and improve their job prospects. It is available in printed format in all EU official languages.

Catalogue No.: KE-31-12-665-\*\*-C

## Useful websites

The website of Commissioner Andor: [http://ec.europa.eu/commission\\_2010-2014/andor/index\\_en.htm](http://ec.europa.eu/commission_2010-2014/andor/index_en.htm)  
 The home page of the Commission's Directorate-General for Employment, Social Affairs and Inclusion: <http://ec.europa.eu/social/>  
 The website of the European Social Fund: <http://ec.europa.eu/esf>

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