



**COUNCIL OF
THE EUROPEAN UNION**

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NOTE

from:	Presidency
to :	Delegations
Subject:	The Social dimension within the Europe 2020 Strategy (Lunch debate at the EPSCO Council - 6 December 2010)

Delegations will find attached a questionnaire prepared by the Presidency in view of the discussion during lunch at the EPSCO Council on 6 December 2010.

Lunch debate on the social dimension within the Europe 2020 Strategy

In November, most of the Member States submitted the first drafts of their National Reform Programmes (NRPs).

At this stage, it would obviously be premature to carry out a thorough analysis of these drafts. However, some general remarks may already be made, which concern the role and the contents of the social dimension. The Presidency considers that it is the right time to discuss the current conditions with a view to presenting the final NRPs in spring 2011.

It appears from these drafts that, in order to reach the overall goal of poverty reduction, the measures selected by the Member States are primarily targeted at employment activation. They first aim at re-inserting into the labour market those persons with specific difficulties, like the long-term unemployed, young people, women and lone mothers in particular.

In this respect, employment appears to be the essential means to ensure social integration and poverty reduction. Nevertheless, the work of the Social Protection Committee has shown that an increase in the employment rate does not necessarily go hand in hand with the reduction of poverty. Moreover, an increase of the numbers of the working poor can even be witnessed.

Although activation measures are undoubtedly important, the return to job creation will in the first place benefit the most employable jobless persons, in particular those who have lost their jobs within the context of the current financial and economic crisis. The actual issue is therefore what will happen to groups which were already excluded from the labour market, of those who are not yet on the labour market, like youth from poor families, or of those who stepped out of it for good, like pensioners. They risk being the last to benefit from an economic recovery which, according to most experts, could be very slow.

Furthermore, only a few Member States have described social issues as bottlenecks to growth or as part of the macro-economic surveillance. Many Member States seem to have difficulties in establishing a relationship between social issues and growth.

Yet, in the current crisis, numerous analyses have shown the important role of automatic stabilizers played by social benefits and growth support measures which were offered by the social protection systems, especially in those Member States where they were most developed.

By relying on adequate income levels, social services and real prospects of employment, the active inclusion strategy tackles the root causes of social exclusion. Its policy responses are certainly slower because of considerable obstacles. Nevertheless, it can achieve more sustainable results.

However, social protection and active inclusion policies require considerable financial means. In an economic and financial context characterised by slow growth and budgetary difficulties, a growing number of Member States are now being confronted with a situation where social objectives run the risk of not being achieved.

If economic growth and social policies are not linked up, the Growth and Stability Pact will focus only on cuts in public budgets, particularly in the social policy domain. Matters related to the implementation of the Stability and Growth Pact are only discussed by the Ministers in charge of Economic and Financial Affairs while other Council formations dealing for instance with internal market or competition issues, may also have a clear interest in these matters.

It is obviously difficult to provide an equal footing the implementation of the Stability Pact and the implementation of the Europe 2020 Strategy, given the fact that the financial means will be limited to conduct effective social policies. The only solution is therefore also preventing the numbers of persons being forced into social exclusion from increasing. It is therefore important to properly assess the social consequences of the policies conducted in all relevant Council formations, and in particular to aim at establishing a balance between the Europe 2020 Strategy and the Stability and Growth Pact.

Questions for the Ministers:

On the basis of these reflections:

1. Do you, consider it useful to have a balanced and strong collaboration between EMCO and the SPC which could better show the links in the NRPs between growth, employment and social policies as well as the social impact of other policies?
 2. Could this justify the integration of the social dimension into the macro-economic surveillance as well as the existence of social bottlenecks in the NRPs'?
 3. Could this, ultimately, result into a better balance between the integrated Europe 2020 Strategy and the Stability and Growth Pact?
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