

JOBS AND GROWTH

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EU bets on social business to boost growth

Convinced that economic growth patterns of the past will not be viable in the future, the European Commission has started a crucial dialogue with stakeholders to ensure that social enterprises are given the means and the recognition to grow, as it is fully aware that policies alone are not enough.

"The new growth model we need to create will be much more sober, fairer and greener," said Internal Market Commissioner Michel Barnier, addressing a conference on social entrepreneurship on Friday (18 November).

The EU executive unveiled the Social Business Initiative last month, trying to promote a highly competitive social market economy, which is at the heart of its 'Europe 2020' strategy for growth.

The social economy — cooperatives, foundations, associations or mutual societies — employs more than 11 million people in the EU, accounting for 6% of total employment, but there is plenty of room for expansion.

Social enterprises have been identified as a priority for funding under the EU's regional policy. About €90 million has been earmarked for a new social investment instrument to support debt and equity investments in 2014-2020.

"In order to win the competitiveness battle, every citizen and every company needs to be involved," said Barnier, underlining that more investment is needed to win the battle.

The Commission is set to propose a European regulatory framework for social investment funds before the end of 2011 to facilitate access to financial markets for social enterprises, seen as one of the major obstacles to boost the sector.

Brussels is indeed seeking

to create a framework allowing social business to get access to private money.

"The money is there, but people have to trust that they are putting their money into a good investment," said Nadia Calviño, deputy director-general for the internal market

SMEs and Local Development. He insisted that easing access to finance would result in more jobs and growth in the social economy.

But access to funding also calls for a simplification of processes, Arzeni added.

business.

Danish Minister for Business and Growth Ole Sohn said his country provided a public advisory system for social business start-ups and that it is making a difference.

According to the OECD, red tape accounts for about 3.4% of

often believe they face disproportionate difficulties in accessing public contracts and the Commission has made it a point to reform rules, especially in the case of social, health and environmental services, like recycling.

In March, Brussels also reformed EU state aid rules applicable to services of general economic interest which could be relevant to social enterprises providing these services.

Throwing bridges to young workers

Social businesses could also be a tool to respond to growing youth unemployment.

"The social economy has a role in introducing young people to work," added Arzeni, citing The Netherlands as an example.

Some 65% of Dutch youngsters starting at the age of 14-15 begin activities through the social economy, gathering skills and experience, which turns to be valuable as they finish school and enter the job market. The Netherlands has one of Europe's lowest unemployment rates.

"Young people are much more capable of changing the world," said Muhammed Yunus, Nobel Peace Prize winner and founder of the Grameen Bank in Bangladesh, which has launched micro-credit banking.

They are the ones that should be given the chance to engage in the social economy. Schools and universities should create proper curricula in social business, say stakeholders, as there is a need for building up managerial capacity of social entrepreneurs, noted French MEP Marc Tarabella, co-chair of the European Parliament's intergroup on the social economy.



Cutting red tape

Many social entrepreneurs have little or no experience in starting a business, but they know well the social needs of people on the ground and the schemes are way too bureaucratic. Cutting red tape and giving them guidance would pave the way to more

GDP. "If we can halve the red tape through simplification, we can gain 1.5-2% of GDP across Europe," he added.

Cutting red tape starts also with the modernisation of public procurement rules, which will be at the core of the Danish presidency starting 1 January 2012, said Sohn.

Social enterprises

Top-paying jobs grow but that's not all good news, say analysts

As modest growth figures fail to dim fears of recession and employment data do not restore confidence in a recovery, experts flag a 'worrying' crisis outcome if structural reforms are not taken promptly to adapt the workforce to new business needs.

According to the first report of the European Jobs Monitor, published by the EU agency Eurofound, employment continued to grow in top-paying jobs, largely in knowledge-intensive services and business services, while sharp losses in medium-paying jobs in construction and manufacturing led to a shrinking of employment in the middle of the wage spectrum.

The recession has accentuated the long-running shift in employment away from manufacturing and towards services, highlighting the polarisation of the employment market between high-paid and low-paid jobs, says the report.

"In terms of the long-term structure of employment, there seems to be the feeling that you have good jobs at the upper end of the job market and not so good, precarious at the lower end and increasingly not so much in the middle," John Hurley, the Eurofound researcher who drafted the report, told EurActiv in an interview.

"That raises question of what kind of employment we are going to see in the coming years, and it is a quite worrying perspective," he added.

Europe enjoyed something of a jobs miracle from the late 1990s until the onset of the recession in 2008, with more than 20 million new jobs created in little over a decade. However, social NGOs have over the years consistently complained that many new jobs were low-paid and precarious, dead-end jobs.

Jobs with wage premium

Hurley says the jobs that are being lost are jobs that are reasonably well-paid compared to the level of education required. Indeed, they are predominantly male jobs in construction and manufacturing that have enjoyed a wage premium for many years.

"The mobility of the people

losing these jobs is quite problematic because they don't have the human capital endowment to move up the wage structure. In many cases they will end up competing the low-level service jobs," explained Hurley, stressing the resulting political consequences of such change.

According to BusinessEurope, the European employers' organisation, the rigidity of labour markets does not help as it has a negative impact on voluntary job movement as it makes it more difficult for workers to move to a job or better employment opportunities.

"Economic cycles are becoming more volatile, resulting in a constant tension between job creation and job destruction," concurred Anne-Marie Muntz, president of Eurociett, the temporary employment confederation.

"The reality is that people are becoming more flexible themselves," she added, noting that only half of those getting a job through private employment agencies want a permanent job.

Re-training the 'shrinking middle'

"There is too much over-surrender," said Steven d'Haeseleer, director of social affairs at BusinessEurope. "We cannot be that negative," he added, commenting on the polarisation of the job market.

D'Haeseleer insisted that Europe has been successful in generating more and better jobs, as the trend confirms an increase of high-paid jobs, but he insists more needs to be done to create employment across the spectrum.

According to the employers' organisation, the need for highly skilled workers is projected to rise by 16 million by 2020 and the corresponding figure for medium-skilled workers is 3.5 million. At the same time, the demand for low-skilled people will decline by 12 million.

"We should not have a too narrow attitude," added D'Haeseleer, stressing that engineering and design of new products goes hand-in-hand with local production. "Not everything can be outsourced to China and India, we need to have this production here," he said.

Ageing and climate change will generate new opportunities for the production side, only if stronger lifelong and vocational training are put in place.

Investment and taxation

French socialist MEP Pervenche Berès, chairwoman of the Employment and Social Affairs Committee, told EurActiv that education and vocational training are key to get Europe out of the current crisis.

"You cannot talk about education and training without putting money into it," she said, adding that half of EU countries had reduced their education budgets because of the current financial strains.

But even if reforms to education and training systems are put in place, results do not become visible over night. "It is high time for stakeholders to act in order to avoid dramatic effects on economic growth and employers are fully committed to providing their employees with lifelong opportunities," said D'Haeseleer.

Recent data from Eurofound shows that training paid by employers is at its highest level since 1995 for the older, EU-15 member states.

According to Eurociett, agency workers receive substantially more training than fixed-term workers and that is seen as an advantage, especially by young workers, who represent a third of agency workers in Europe. Seven EU countries (Belgium, France, Luxembourg, the Netherlands, Italy, Spain and Austria), have set up €500 million in training funds for agency workers, says the Eurociett report, 'Adapting to Change'.

Berès insisted that governments also have to come up with new investment strategies as well as reform taxation systems, alleviating fiscal pressure on labour.

OECD estimates show that 1% decrease in employers' social security contribution leads to a 0.6% increase in employment. Sweden, which has cut its labour taxation in 2007, said that despite having about 6 billion Swedish krona less in the public treasury, the reform is still projected to be self-financing as it is offset by new workers paying taxes.

Crisis slows progress on EU 'flexicurity' model



Opportunities for new 'flexicurity' policies combining job security with flexible working arrangements are limited at the European level by sharp differences between member states over social issues.

Delegates at a recent European Commission conference said that the national differences call for stronger social dialogue between employers and trade unions.

A stakeholder meeting on 14 November in Brussels was designed to launch informal consultations on flexicurity to feed into an employment package to be presented by the European Commission in 2012.

But delegates told the conference that there was no one-size-fits-all answer for flexicurity, which is best dealt with at national level. Flexicurity is the concept of combining job flexibility with security.

No progress can be made without social partners

One of those leading a volley of calls for closer consultation between social partners and public authorities in nations that are keen to introduce flexicurity policies is Andrea Benassi, who heads the European Association of Craft, Small and Medium-sized Enterprises (UEAPME). "You cannot consider social security issues if you do not consider the concerns of the social partners," Benassi said.

Koos Richelle, director-general of social affairs in the EU executive, told the conference: "Social dialogue is not a luxury that we can only afford in times of economic growth; tripartite social dialogue is a necessity."

Emphasising the sharp differences arising from the financial crisis across European labour markets, where unemployment rates range

from 4.4% to 20%, Richelle acknowledged that any new policy would need to cater to this diversity.

"This is not to say that we should create different speeds in the EU, but we should ensure that our policy framework is adapted to the variety of situations across member states," he added.

Leading academic says there is no time to lose

Ton Wilthagen, a labour markets professor who has spearheaded the EU's attempt to frame new flexicurity policies, acknowledged in an interview on the fringes of the conference that such policies would need to be brought about at the member-state level.

Wilthagen favours a broad shift from governments paying social security benefits directly to the unemployed to a system of subsidies to companies enabling them to hire workers they could not otherwise afford.

He said that there was no time to lose, and he warned against waiting for a pan-European proposal, saying: "We are hearing some of the same concerns and issues now as were heard four years ago. The machine moves ahead very slowly, but there is nothing preventing initiatives being introduced on a local level."

Denmark is often held up as the best example of the efficient use of flexibility in the workforce.

Lone Henriksen, an executive in the Danish ministry of employment, acknowledged during a speech before the conference that the experience of the Scandinavian country was probably not directly transferable to other countries, because the labour market conditions might be too different.

Professor: 'Stop paying benefits, start paying companies'

States should transfer their social security payments for the unemployed to companies, so that they can employ the unemployed and maintain skills - even if this would breach trade laws - according to Ton Wilthagen, one of the pioneers in the 1990s of 'flexicurity', a concept that combines job flexibility with security.



Ton Wilthagen is professor of labour markets at Tilburg University in the Netherlands and directs ReflecT, a research institute for flexicurity. He was the rapporteur of the Commission's expert group on flexicurity in 2007, and has advised numerous governments on the issue. He spoke to EurActiv's Jeremy Fleming at a flexicurity conference in Brussels on 14 November.

You are one of the fathers of the concept of flexicurity. Do you think that the [financial] crisis is demonstrating its limitations?

The crisis has shown that there are many facets to the notion of flexicurity. Many commentators believed that it was about flexible hiring and firing, and that is all, and many countries said we should not operate like that. But German, Austrian and Swiss schemes have combined social security payments with the reduction of working hours, and this is something different from 'mobility'.

You have suggested that social security payments should be paid to companies so that they can hire unemployed workers. Who do you believe could pay for such social security in Greece?

It needs to be paid collectively. In the sense that we understand it at the moment it [such social security] cannot be paid by individual firms. One strategy

would be to share costs across SMEs because these smaller companies are unwilling to pay for mobility and transition on their workforces - or taking on extra workers - individually, but such payments can be managed on a regional level. In many cases SMEs do not need a full-time employee, so if there was a central pooling system regionally, which enabled these firms to collect all their various needs together and combining them, then that would be a way of joining forces for the common good.

Do you think that the those countries suffering most from the sovereign debt crisis would be better off now if they had implemented such a system?

Yes, because it is clear that once you lose employment you are stuck, because the unemployed are denied access to the labour market which aggravates the whole situation. There have been reforms, but these have been very half-hearted. You cannot avoid financial bubbles, but labour markets - such as the Spanish construction sector - made 25% of their workforce redundant. The remaining workforce, however, still received a 3.9% wage increase by collective bargaining, which is an unfair situation affecting younger workers in those markets.

But if the Spanish state had intervened to pay the sector to maintain higher employment levels, would those state payments not have crippled the Spanish exchequer?

Spain still pays for unemployment benefits, but this is not paying for the prevention of unemployment. So transition security does not exist, the only option is to make people redundant, so social security payments will be overloaded onto benefit schemes. This is unsustainable and eventually they will be forced to reduce these schemes.

So you believe that the social Europe model is under threat in Spain, Portugal, Greece and Italy?

We all know the risks and we have seen the indications of

social unrest in those countries. One terrible response to the crisis has been the phenomenon of young people leaving, wanting to get out because they feel there is no future. If the social security schemes and family security are the only options then these will put pressure on families and create further divisions within society, and this will become a highly explosive situation. You could just pay benefits but without a more active approach you will not defuse the social unrest. The main question is where to put the money. If you give a 4%-wage rise to those still with jobs then that is a bad investment.

Where would you spend the money?

I would stop giving passive unemployment benefits. I would take all that money and allot it to creating jobs: offer subsidised employees to companies and tell the companies that the benefits will go to you but that we will not do that forever, we will taper the relief. That way the companies which are afraid of hiring people - because they do not want to spend the money or feel that the worker is not yet skilled enough - will be able to do so.

Would the state cover the whole cost of the worker

under that model?

No, you would have to create a formula to calculate their productivity. The formula would be a way of calculating the deficit implicit in hiring that worker. So, for example, if the 'wage worth' of the individual was only half of normal productivity, then the state subsidy should at least reflect that.

Is the crisis a good moment to be implementing radical ideas such as this?

Yes, because it is the only thing you can do. The rich countries can afford to continue paying their social security benefits, but it cannot last forever. Even the Danish are reducing the duration for which their unemployed receive benefits. States must start to articulate what people can do and what companies need in a different language.

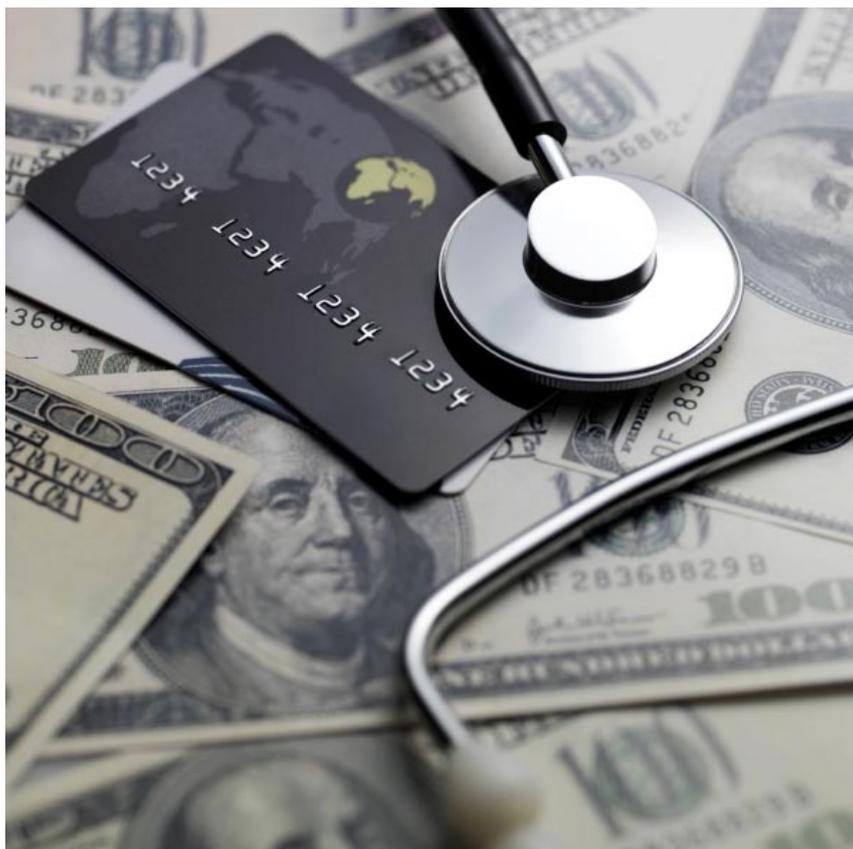
What kind of social security can Europe afford in the future?

A short-duration income replacement security can be afforded at a reasonably high level for a few months. After that security can be afforded at a lower level for a few months.

But we need "in-work" security - payments to companies in return for employing people - so that people can work. Europeans in the future will need to become more self-reliant citizens, but they will need some state security because there will be ups and down, and they will require periodic assistance. This will be the future in Europe and it will be different from the US, where there will still be the working poor. But we will move to this in-work security which we hopefully can afford, and the more traditional social security payments will be for those who cannot work.

If you subsidise employment, could not that give rise to trade complaints from overseas?

Yes, but on the other hand what are we telling China? We say: "You do not play by our rules", and the Chinese say: "We do not care, because we are state capitalists, so we have different rules." In such a situation we should not be hesitant, we are doing a fair thing, using employment benefit for better purposes, if the Chinese have problems with this, well they are playing the same game somehow. So why try and be more Catholic than the pope?



EU to back job mobility with language classes



The European Commission's language learning schemes are set for a multi-million-euro funding boost under the upcoming 'Erasmus for All' programme due to be unveiled

today (23 November).

Across the board, the Commission says it is spending around €50 million per year for language programmes, providing roughly 100,000

individuals with classes or training.

"The majority of these beneficiaries are young people in initial vocational training" and are aimed at helping their pro-

fessional mobility, said Dennis Abbott, spokesperson for EU Education Commissioner Androulla Vassiliou.

In future, the Commission wants language schemes integrated into the wider Erasmus for All programme for which it has proposed a 70% funding increase under the EU's budget for 2014-2020, from €8.76 billion to €15.2 billion.

Details of the new Erasmus scheme is due to be unveiled by Vassiliou, building on the success and brand name of the celebrated student mobility programme.

It is unclear yet how much extra funding will be available for languages under Erasmus for All, as the proposed budget increase still has to be approved by EU member states and the European Parliament.

But the amount should be substantial, Abbott said, "from an estimated €50 million per year for language actions to around €85 million per year".

This, he added, is "great news for language learning".

Language policy review

The proposed new language schemes will come ahead of a broader review of the EU's multilingualism policy, due in 2012, which will build on the assumption that multilingualism is good for business.

"The EU can't afford not to have a multilingualism strategy," Abbott stressed, saying there is "ample evidence that multilingual companies can increase their turnover by using languages as a competitive advantage".

"As there is such a clear link between language skills, mobility and employability, multilingualism also has a central role to play" in enhancing skills for employability, he said, especially for young people and students.

A Commission communication on 'Rethinking Skills' is due for the second half of 2012, and is expected to address language learning as a separate issue.

Create your own job, activist tells youngsters

To reduce youth unemployment, training and education might not be enough, Peter Matjašič, president of the European Youth Forum, told EurActiv in an interview. Turning young people into entrepreneurs could be the solution, he said.

"If there are only a very limited number of jobs available, training, and education are solutions only of a temporary nature. The answer is in fostering entrepreneurship," Matjašič said, responding to new - and bleak - data underlined by the European Commission yesterday (23 November) in the Annual Growth Survey 2012.

For Matjašič, entrepreneurship is not only a form of employment but also a way of realising innovative ideas and solutions.

"Entrepreneurship creates jobs, fosters wealth for society as a whole and particularly via social entrepreneurship, including green entrepreneurship, contributes to community development, supports environmental sustainability and produces social capital," he said.

The number of young people

becoming entrepreneurs remains very low in Europe compared to the United States.

According to the EU Youth Report, only 4% of young people aged 15-24 and 9% of those 25-29 in Europe were running their own business in 2009.

"The main reasons is that 15-39 years olds have a preference for employee status rather than being self-employed are that they prefer regular, fixed income; stable employment with fixed working hours and protection by social security or insurances," Matjašič said, explaining that in some EU cultures entrepreneurship is still perceived as risky.

Entrepreneurs are seen more as "gamblers" than real businessmen, the European Youth Forum president conceded.

'Youth on the Move'

Youth organisations across Europe are convinced that a standardised youth guarantee, accompanied with adequate financial investments, would help turn inactive young people into entrepreneurs

and can tackle growing unemployment rates, as well as kick-start the economy.

As part of the strategy, Youth on the Move, one of the seven flagship projects of the EU's Europe 2020 growth programme, the EU is encouraging member countries to adopt a "youth guarantee scheme". The scheme would ensure that young people are offered a job, further training

or work experience within six months of leaving school.

"Unfortunately, internships [especially those taking place after education] are becoming a widespread practice for precarious jobs for young people with no or little learning involved," said Matjašič, underlining these internships are replacing real entry level jobs.

Commenting on the Euro-

pean Commission presentation yesterday of its proposal Erasmus for All, the new programme for education, training and youth, Matjašič, stressed that projects offering good quality internships and apprenticeships would greatly contribute to bridging the skills gap.

He was speaking to EurActiv's managing editor Daniela Vincenti



MEPs to learn about robots in job-swap with scientists



Scientists developing robots to care for the elderly shadowed members of the European Parliament this week in a skills-exchange scheme designed to provide practical links between policy and science.

Pairs of MEPs and scientists learn more about one another's working life, with scientists shadowing MEPs as they go about their parliamentary business, attending committee meetings and meeting officials working in key policy areas.

The MEPs will later spend time with the scientists at their research institutions.

Held for the first time in 2007, the MEP-scientist pairing scheme was set up as a multidisciplinary job-share between MEPs and scientists in a world where scientific knowledge is of increasing importance to policy making.

The scheme is also designed to develop longer-term relationships between the

legislators and scientists to enable further development of the particular research areas under the spotlight of the scheme.

Future skills are highlighted by scheme

The exchange gives an intriguing glimpse of cutting edge research deemed to be of significance to EU future skills. Of the 12 scientists in the scheme, there is a strong show of environmental expertise, but also the most senior crisis management expert in the EU and a robotics pioneer.

Artificial intelligence professor Angelo Cangelos – who is partnering with Greek MEP Ioannis Tsoukalas (European People's Party) – conducts research on teaching robots how to learn the names of objects, and to adapt to the environment around them.

His research attempts to reproduce human learning facilities in robots, so that they learn spatial awareness.

He told an explanatory meeting at the Parliament this week that it was hoped that such robotics research – which is partly EU funded – could eventually develop robots to care for the elderly and hospitalised children.

Meanwhile one of the EU's most senior crisis management experts – Delilah Al Khudhairy, the head of the global security and crisis unit at the Commission's Joint Research Centre – is partnering UK Conservative Giles Chichester.

Water data is treated like state secrets

Al Khudhairy specialises in finding the unpredictable impacts of crises such as the Arab Spring, the e-coli outbreak in Europe earlier this year, and the economic malaise.

Crisis control and the environment are well represented among the job-sharing scientists.

Ida Westerberg, who is partnering British MEP Fiona Hall (Liberals and Democrats), is an expert on observational data modelling.

During her explanatory session in the Parliament she warned about the the lack of global water data. She said the availability of quality data on hydrology has been declining since the 1970s, at a time when such information is needed to determine the impact of water shortages.

Natural disasters such as hurricanes were partly responsible for destroying meteorological stations around the world, she said, and these are not replaced.

But Westerberg added that countries are not reporting data on water in the same way that they used to do, and this is hindering detailed analysis. "It is treated by governments increasingly like state secrets, because of the political issues affecting water," she said.

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Contact us

Delia Nicolaescu
delia.nicolaescu@euractiv.com
 tel. +32(0)2 788 36 72

Ross Melzer
publicaffairs@euractiv.com
 tel. +32(0)2 226 58 17

Other relevant contacts:

Rick Zednik
ceo@euractiv.com
 tel. +32(0)2 226 58 12

Frédéric Simon
executiveeditor@euractiv.com
 tel. +32(0)2 788 36 78