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**COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE
EUROPEAN PARLIAMENT, THE EUROPEAN ECONOMIC AND SOCIAL
COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**SOCIAL REALITY STOCKTAKING
Interim report to the 2007 Spring European Council**

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(Text with EEA relevance)

Dramatic changes are underway in European societies: in the nature of work; modern family life; the position of women in society; and social mobility. Values are changing. Societies are becoming increasingly multicultural. Mass affluence has widened horizons and expanded life choices. and the Member States of the European Union belong to the wealthiest countries in the world. At the same time, new patterns of poverty and inequality are emerging. New problems such as the rise in obesity and an increasing number of factors impinging on mental health are affecting the health of Europeans.

Globalisation and demography are the two main driving forces shaping the development of European societies. Both offer opportunities but present challenges. Demographic trends mean longer and healthier lives and raise issues such as the new costs of an ageing society, intergenerational equity, the increasing importance of childcare and work/life balance in sustaining family life, the relationship between generations and new risks of poverty. Globalisation, in conjunction with new technology, offers enormous potential for growth. But people need to be equipped through education and training to take advantage of these opportunities and adapt to the disappearance of traditional industrial jobs.

These changes present challenges for the European Union. An open Europe based on free movement and free trade has helped to create the jobs and prosperity on which well-being and a better quality of life ultimately depend. However, in recent years it has become clear that many Europeans question whether the net effect of globalisation, liberalisation and the drive for greater competitiveness adds to their well-being. To better understand why this is the case and examine the dynamics of current social changes, the Commission suggested in 2006 that a Social Reality Stocktaking be done, in view of launching an agenda on access and opportunity, a social dimension closely linked to the Single Market Review. The European Council supported that approach, asking the Commission to take stock of the social situation in the Union.

In line with the request of the European Council, the following interim report reporting on progress to date in the stocktaking exercised has been prepared for submission to the Spring Council.

AIMS OF THE SOCIAL REALITY STOCKTAKING

The aim of the exercise in exploring Europe's social reality is to build a consensus on the common social challenges facing Europeans. The question of what role, EU policies should play in responding to changing social realities, or how EU policies should adapt, is left entirely open at this stage.

A new consensus will naturally build on past experience. The EU has always had a "social dimension". The Treaty of Rome contained a far-sighted commitment to gender equality and Article 13 of the Amsterdam Treaty conferred legislative competence on the Union to fight all forms of discrimination. The Union's Social Agenda, originally developed in the 1980s as a social counterpoint to the creation of the Single Market, focused on employment protection and social partnership. It resulted in legislation on minimum employment, health and safety standards and securing cross border social security rights for mobile workers. The Union has also played an important role in reinforcing social cohesion, tackling regional inequalities and assisting adjustment to economic change, including the work of cohesion policy and recent initiatives such as the European Globalisation adjustment Fund.

These elements have carried through to the renewed Lisbon strategy for growth and jobs which focuses not only on economic performance and competitiveness but also on the creation of greater social cohesion and the social dimension of sustainability. Within the renewed Lisbon strategy, the EU engages with Member States – who continue to hold the primary competence to frame their own policies - to identify collectively the policy approaches which will best deliver the combination of prosperity and solidarity which lies at the heart of the Lisbon vision, and to promote their take-up. The Lisbon strategy has thus opened up a collective reflection on social issues in a very wide sense, covering traditional questions of labour market flexibility and welfare state reform as well as issues relating to education and training systems.

Many social policy initiatives in the past were conceived for an industrial society, where the nature of work was characterised by a mass manufacturing economy, large firms, and high levels of union membership and density. Today, Europe has an increasingly knowledge based and services oriented society. Whilst the economic dynamics underlying the emergence of the 'new economy' in a globalised world have received attention, the social situation and social challenges are less well understood and analysed. There is no shared diagnosis of these social challenges and how they should be met.

The social reality stocktaking exercise aims at developing that diagnosis, generating a debate on Europe's social situation, which will also feed into the mid term review of the social policy agenda. It recognises that there is great diversity, often as much *within* as *between* Member States. However, there are shared, common challenges-demography, increased ethnic and cultural diversity and an individualisation of values. All EU Member States are open societies shaped by the global forces of modern capitalism and worldwide cultural trends. Some of their citizens have prospered from globalisation, transition and social and cultural trends; some have been left behind by economic change and industrial restructuring and perceive their traditional communities, values and ways of life as under threat.

AN OPEN DISCUSSION

The Commission is launching a wide consultation on the social issues and challenges facing Europe. The aim is to reach out to different constituencies to discuss what constitutes Europe's 'social reality'. The Commission is in 'listening' mode, not testing policy options.

Views are being sought on social trends, the main factors driving Europe's social transformation, 'well being' and what contributes to it. The consultation is underpinned by a background document prepared by the Bureau of European Policy Advisers which looks at common patterns and how social changes can be assessed against benchmarks of well-being. It then attempts to open a debate about some of the key issues affecting well-being – economic opportunity, the nature of work, new patterns of family life, poverty and inequality, the barriers to good health and social mobility, quality of life, cultural diversity and obstacles to integration, crime and anti-social behaviour. The document raises questions in order to stimulate a wide ranging discussion.

The consultation will involve the organisation of different events, a Eurobarometer focused on issues of well-being and various types of consultation, including an internet consultation http://ec.europa.eu/citizens_agenda/index_en.htm. It will canvas views from a range of stakeholders at national and local level. The European Commission representations in the Member States are participating in the exercise.

NEXT STEPS

Taking on board the results of the consultation exercise which will be completed by the end of 2007, the Commission will issue a report. The report will be a snapshot of Europe's changing social reality, examining social trends and their implications and drawing out key issues and challenges for Europe at all levels of governance. It will set out ideas as to how best to promote access and opportunity in Europe and will also contribute to the mid term review of the social policy agenda.