Opinion of the European Economic and Social Committee on ‘The economic crisis, education and the labour market’ (own-initiative opinion)
(2011/C 318/08)

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On 20 January 2011 the European Economic and Social Committee, acting under Article 29(2) of its Rules of Procedure, decided to draw up an own-initiative opinion on:

The economic crisis, education and the labour market.

The Section for Employment, Social Affairs and Citizenship, which was responsible for preparing the Committee’s work on the subject, adopted its opinion on 27 June 2011.

At its 473rd plenary session, held on 13 and 14 July 2011 (meeting of 14 July 2011), the European Economic and Social Committee unanimously adopted the following opinion:

1. Recommendations

Member States are urged to:

— ensure that measures designed to cope with the economic crisis and sovereign debt do not jeopardise public investment in education and training;

— focus in particular on public investment in education, research and vocational training when considering their medium-term budgetary targets, in order to ensure the continuity and growth of investment in these sectors;

— underline the need to improve the teaching of pupils’ mother tongues and to teach STEM subjects (science, technology, engineering and mathematics);

— improve early study and career guidance, taking account of labour market needs;

— promote entrepreneurship at all levels of education;

— boost the effective implementation of the European Qualifications Framework and the development of National Qualifications Schemes;

— create additional training opportunities for young school-leavers and low-skilled workers, without neglecting digital literacy;

— respect people’s right to high-quality certified work-related training, irrespective of their qualifications or type of contract;

— develop the recognition, validation and certification of skills acquired in different educational settings (both formal and non-formal) and in the course of people’s working lives;

— use European Funds, especially the European Social Fund, to support education and training;

— support occupational integration programmes and encourage governments and businesses to use such instruments to create stable jobs;

— upgrade the teaching profession, promoting respect for education and continuous teacher training and improving teachers’ working conditions and salaries.

2. Introduction

2.1 The financial crisis that erupted in 2008 triggered the worst economic crisis since the 1930s and the heaviest fall in global GDP since the Second World War. As a consequence, Europe is now undergoing a far-reaching economic and social crisis, with thousands of companies, especially SMEs, going out of business, higher unemployment, a drop in salaries, budget cuts in social security systems, higher taxes on consumption, higher prices for essential goods and rising poverty and social exclusion.

2.2 The purpose of this opinion is not to examine the causes of the crisis, but rather to highlight the detrimental effects it has had and is continuing to have on the fabric of society, and also to suggest a number of strategies that need to be implemented in order to lessen its impact and cope with its effects.

2.3 The opinion will address the importance of education and training as key tools for combating the crisis, relations between education/training and the world of work, the integration of young people into the labour market, the needs and responsibility of businesses regarding the training of their employees and the promotion of decent, high-quality jobs.

2.4 Furthermore, this opinion also considers that preserving the European Social Model requires society as a whole to make a collective effort, demonstrating creativity and solidarity.
3. General comments

3.1 In analysing this issue, four recent European Commission initiatives are particularly important:

— ‘An Agenda for new skills and jobs: A European contribution towards full employment’ (1), which sets the following as its priorities for achieving a 75% employment rate for the 20-64 age group by 2020: better functioning labour markets, a more skilled labour force, better job quality and working conditions and stronger policies for promoting job creation and demand for labour (2);

— the ‘Youth on the Move’ initiative (3), which is designed to unleash the potential of young people to achieve smart, sustainable and inclusive growth in the European Union (4);

— the Communication on Tackling early school leaving: A key contribution to the Europe 2020 Agenda (5), which assesses the impact of early school-leaving on individuals, society and the economy, summarises its causes and details current and future European measures in this domain;

— the European Qualifications Framework, intended to make comparisons between national education systems easier, thus helping to achieve greater mobility for learning and European-level recognition of knowledge, skills and abilities.

All of these documents call for closer cooperation between the education and training sectors and the labour market – a view shared by the EESC.

3.1.1 The Committee also notes that in 2012, the Commission plans to launch the ‘EU Skills Panorama’, which aims to secure greater transparency for job applicants and employees and for businesses and/or public authorities. This ‘panorama’ will be available online and will contain updated forecasts of the supply and demand for skills up to 2020 through the networking of national bodies that forecast labour market developments.

3.1.2 The importance of European sectoral councils as a forum where the social partners can analyse workers’ skills and labour market needs should also be emphasised as a means of speeding up the exchange of information and good practice previously provided by councils or monitoring centres in each country (6).

3.2 The economic crisis and the labour market

3.2.1 The financial and economic crisis is having a catastrophic effect on the labour market. According to the ILO, in 2010 the number of people unemployed worldwide stood at 250 million, with the unemployment rate having risen from 5.7% to 6.2% that year. Furthermore, unemployment has, in many countries, gone hand in hand, with a deterioration in job quality and dwindling job security.

3.2.2 According to Eurostat, the global unemployment rate in January 2011 stood at 9.9% in the Euro area and 9.5% in the EU-27, affecting 15 775 million people in the Euro area and 23 048 million in the EU-27, almost 5 million of whom are long-term unemployed.

3.2.3 Between the end of 2008 and February 2011, the unemployment rate in the EU-27 rose from 7.7% to 9.5% (male unemployment: 6% to 9.5%, female unemployment, 7.5% to 9.6%, youth unemployment: 19.7% to 20.4%).

3.2.4 These figures do not, however, show the significant disparities between Member States (ranging from 4.3% in the Netherlands to 20.5% in Spain) and say little about certain affected groups (such as immigrants and older workers).

3.2.5 Youth unemployment in the 15-25 age group stands at 20.4%, having increased by 4 percentage points between the first four-month period of 2008 alone and the first quarter of 2009. Moreover, long-term unemployment in this age group has increased by nearly 30% since spring 2008, with young people accounting for 1.2 million of the 5.2 million long-term unemployed.

3.2.6 Low-paid workers (who generally have fewer qualifications) are two to three times more likely to lose their jobs than higher-paid workers.

3.2.7 Once again, young people are worst affected by this (despite generally being better qualified), because they are twice as likely to be working for low wages as middle-aged workers.

3.2.8 According to Eurostat (7), in 2007, even before the crisis, 79 million Europeans were at risk of poverty and 32 million were living below the poverty threshold. Despite the fact that people in work are less exposed to the risk of poverty, the term ‘working poor’ applies to at least 17.5 million workers (8).

3.2.9 Dwindling job security has been a feature of new jobs created, and affects young people more than any other group, which has a number of implications for the young people themselves and for society (such as delaying leaving the parental home, remaining dependent on parents, postponing decisions on marriage and having children) (9). It should be noted that the concept of poor job security does not refer specifically to fixed-term contracts, but rather to the way in which such contracts are abused when the workforce requirements are acknowledged to be unchanging.

3.2.10 Statistics in Focus (46/2009).
(1) See the EESC opinion on New Skills for New Jobs, OJ C 128, 18.5.2010, p. 74.
(8) See the EESC opinion on ‘Matching skills to the needs of industry and services undergoing change – In what way could the establishment of sector councils on employment and skills at European level contribute to this objective?’, OJ C 347, 18.12.2010, p. 1.
(9) See the EESC opinion on Work and poverty, OJ C 128, 18.5.2010, p. 74.
(8) See the EESC opinion on Work and poverty, OJ C 128, 18.5.2010, p. 74.
(9) Youth in Europe – A statistical portrait 2009.
3.2.10 The EESC considers the main problems and challenges to be:

a) the discrepancy between the economic recovery now underway, albeit with significant differences between countries, and the on-going deterioration in the labour market situation, especially in the form of growth without jobs. The EESC second the warning sounded by the ILO in this regard in the latest Global Employment Trends Report (10) and in the conclusions of its recent meeting entitled Dialogue on Growth and Employment in Europe (11);

b) the social imbalances created by the difficult labour market situation, especially for young people (despite their having higher qualifications than previous generations) and for the long-term unemployed;

c) Europe's demographic situation, in particular the ageing of the work-force, which could exacerbate the skills shortage on the labour market;

d) changes in the nature of jobs, occurring increasingly rapidly: according to CEDEFOP, the demand for highly-skilled workers could increase by 16 million by 2020 and for workers with average skills by 3.5 million, whereas the demand for low-skilled workers could fall by 12 million. The skills gap will widen, especially in the following fields: STEM (science, technology, engineering and mathematics), energy, information and communication technology, green transport, the environment and health. The difference between the types of jobs that are being created and the types of jobs that are being lost is widening, and the unemployed are finding it increasingly difficult to get back into the labour market.

3.3 The crisis and education

3.3.1 Education is a means of achieving personal fulfilment, involvement in productive work, social cohesion and improving standards of living. According to Eurostat, people with higher educational levels have a higher life expectancy.

3.3.2 Low educational levels are associated with poverty and social exclusion and hence the emphasis placed by inclusion policies on guaranteeing access to public services (especially education and training).

3.3.3 The Europe 2020 Strategy reinforces the idea that education in Europe should be improved, from pre-school to higher education, in order to boost productivity and combat inequalities and poverty, based on the belief that Europe can only prosper if its people have the skills enabling them to contribute to a knowledge-based economy, from which they also benefit.

3.3.4 The EESC shares the concern expressed by the European Commission in its Digital agenda for Europe, according to which Europe is lagging behind in adopting new technologies, highlighting the fact that 30 % of Europeans have never used the Internet and that EU spending on information and communication technology (ICT) research and development stands at only 40 % of US levels Developing digital literacy from an early age is a factor propitious to inclusion.

3.3.5 The EESC also notes that the EU is lagging behind the United States and Japan in terms of innovation, a situation that must be countered by increasing the number of highly-skilled workers, boosting Member States' and businesses' investment in research and development and forging closer links between science, technology and production. Furthermore, it wishes to point out that the term 'innovation' can be applied to both the organisation of work and social innovation.

3.3.6 The Commission's two main education goals for the Europe 2020 Strategy are:

a) to bring down early school-leaving to below 10 %;

b) to increase to 40 % the proportion of 30-34 year-olds completing university studies or the equivalent.

3.3.7 The EESC shares the Commission's concern about early school-leaving, which is a complex phenomenon with serious implications for the quality of the jobs to which young people can aspire and which can only be addressed by means of solid political commitment and new ways of tackling the problem and taking action.

3.3.8 According to the Commission, in 2009, more than 6 million young people (14.4 % of all 18-24 year olds) left education (either school or training) early, having completed only the first cycle - or an ever lower level - of secondary education; of these, 17.4 % had only completed primary education (12). This means that reducing the average number of early school-leavers by just one percentage point would each year create nearly half a million qualified young workers able to start work.

3.3.9 Another important aspect that should be taken into account is the amount of repetition of academic years. According to the 2009 PISA study, the percentage of academic years repeated at primary school is 11 % in Ireland, 21 % in Spain and as high as 22.4 % in the Netherlands and Portugal. This trend continues in lower secondary education, with the rate of repeating years ranging from 0.5 % in Finland to 31.9 % in Spain.

(12) Grade Retention during Compulsory Education in Europe: Regulations and Statistics EURYDICE, January 2011.
3.3.10 In higher education and research, according to Eurostat’s data for 2009, the percentage of graduates in Europe stood at only 32.3% in that year. The budgetary cuts currently being implemented in most countries (13) will jeopardise university research even further, which will have implications for many sectors of the economy and society (technology, medicine and the social and human sciences).

4. Specific comments: the EESC’s proposals

4.1 Boosting education in times of crisis

4.1.1 In times of crisis, it should be reiterated that education is a fundamental human right and a public good, which should be guaranteed for everyone under equal conditions, with no conditions attached thereto, free of any form of discrimination, whilst also taking account of the gender dimension.

4.1.2 Investment in education should not be seen as a problem to be addressed in times of crisis, but rather as a solution for emerging from the crisis as successfully as possible. Consequently, in order to encourage Member States to invest further and more consistently in education, they should be asked to pay particular attention to public investment in education, research and vocational training when considering their medium-term budgetary targets.

4.1.3 It is equally important to point out that education is a collective responsibility shared by society as a whole. Schools, as specialist institutions with professional staff, cannot and should not act in isolation, and should interact first and foremost with families, whose role is crucial, but also establish permanent dialogue with the wider community and economic and social players.

4.1.4 The EESC is firmly convinced that the acquisition of solid knowledge provides pupils with a greater capacity for adjustment, and that the more the acquisition process is successful, the easier it will be to take market needs into account in decisions on academic and professional careers.

4.1.5 Education should, in particular:

a) help pupils filter the information they receive, and teach them how to use the best means of planning their future private lives and careers;

b) encourage critical thinking and the development of an enquiring and entrepreneurial mind able to take the initiative and solve problems. Interaction between schools and businesses could prove extremely useful for achieving this goal;

c) instil in pupils a sense of reality so that they understand the effort required for learning and recognise its value. Convince pupils that learning is worthwhile and that culture is not just something to be consumed; but also to be grasped and developed;

d) provide a solid basic education, especially in pupils’ knowledge of their mother tongues, mathematics and other knowledge and skills essential to integrating people fully into the labour market across the whole of the EU, and specifically ensuring that modern foreign languages are taught from the early years of primary school, whilst at the same time helping to make them more open to lifelong learning;

e) develop creative and aesthetic abilities in every individual, capable of generating an open-minded attitude to culture and innovation;

f) in short, the aim is to mould free, supportive individuals who are aware of their rights and duties and able to undertake decent work under the best conditions possible.

4.1.6 This requires a more comprehensive and enriching form of initial and continuous teacher training than has been the case to date. What is needed is training that inspires teachers and helps them take on board new educational approaches that reflect the challenges they face (new technologies, new labour market needs, a multicultural environment with an increasing number of pupils from immigrant backgrounds, etc.). Member States should promote respect for the teaching profession, facilitate continuous teacher training and endeavour to improve teachers’ working conditions and salaries.

4.1.7 Education should cover all stages of life, from preschool to higher and adult education and in different educational settings – formal, non-formal and informal. Member States should adapt education to the economic and social challenges of the future: knowledge-based societies and highly productive, low-carbon economies.

4.1.8 To this end, the EESC recommends that the European Union:

a) fulfil the commitments it has given in the ‘Youth on the Move’ and ‘Agenda for new skills and jobs’ initiatives and the Communication on Tackling early school-leaving;

b) study the possibility of using European funds to achieve the EU’s goals for education, training, research and development;

c) support labour market integration programmes, encouraging governments and businesses to use such instruments to create stable jobs;

d) strengthen, develop and intensify exchange programmes for students at all levels of learning;

(13) In Latvia, following a 48% cut in 2009, universities are now facing a further cut of 18% in 2010; in Italy budgetary cuts planned up to 2013 total 20%; Greece has imposed cuts totalling 30% and in England, the budget will have been slashed by some 40% by 2014/2015.
and recommends that the Member States:

a) find solutions to ensure that overcoming the economic crisis, especially the sovereign debt crisis, does not jeopardise public investment in national education and training systems;

b) maintain (and, if possible increase) investment in research and development;

c) launch and coordinate initiatives to improve the teaching of STEM subjects (science, technology, engineering and mathematics);

d) adopt measures to revitalise the teaching profession, making it easier for teachers to perform their duties (14);

e) set up study and career guidance systems to improve information on the professional skills needed for entering the labour market and on how to acquire them;

f) develop alternative training programmes for young people leaving school early or in low-skilled jobs;

g) solve the problem of pupils repeating academic years by providing support infrastructures for the weakest pupils;

h) encourage businesses to take greater account of young people’s work experience;

i) promote entrepreneurship at all levels of education.

4.1.9 The EESC is well aware that in times of change, businesses require specific skills of their workers. Education and training systems should consequently be more attentive to these needs and shape their courses accordingly, after the acquisition of solid basic skills.

4.1.10 The dual learning system of education/training, in which young people are introduced to the world of work when they complete their studies, has yielded good results in some European countries and should therefore be studied.

4.1.11 The EESC realises that education is the responsibility of the Member States, but considers that the European Union could support states, not only by encouraging them to meet the EU’s objectives and using the open method of coordination to achieve this, but also by creating more favourable conditions, such as not including investment in education and training when calculating the public deficit.

4.2 Valuing learning - from school to work

4.2.1 Current developments, such as greater international competition, the scientific and technical revolution, climate change and the rapid growth of the emerging economies and the ageing population, inter alia, require a more highly-skilled and qualified labour force.

4.2.2 Generational renewal is not in itself enough to improve the skills level, because many highly-skilled young people are currently employed in low-skilled jobs. Besides, the discrepancy between the education people receive and the type of jobs they get can lead to skills being devalued.

4.2.3 The EESC believes that the answer lies in developing high-quality jobs and therefore recognises the value of the ‘decent work’ advocated by the ILO.

4.2.4 To this end, investment should be made in active employment and vocational training policies, with support from European funds, especially the European Social Fund (15).

4.2.5 It is should also be borne in mind that job creation is dependent on how dynamic businesses are, and this requires reducing the unnecessary red tape surrounding economic activity, especially for business start-ups.

4.2.6 In this area, the EESC recommends the following priority initiatives:

4.2.6.1 Promoting the integration of young people into the labour market

a) improving study and career guidance systems, providing more detailed information on labour market trends and needs, the relevant professional skills and how to acquire them;

b) setting up labour market integration programmes, using traineeships and apprenticeships;

c) developing specific programmes for young people who have left school early or are in low-skilled jobs;

d) ensuring there is no connection between the type of employment contract (open-ended/fixed term) and the worker’s age, so that young workers are not penalised simply for being young.

4.2.6.2 Meeting the challenges of lifelong learning

a) ensuring that everyone is able to engage in lifelong learning, enabling them to upgrade their skills and gain access to more highly qualified jobs, thus achieving the goal of ‘inclusive growth’ contained in the Europe 2020 Strategy;

(14) See the EESC opinion on Improving the Quality of Teacher Education, OJ C 131, 17.6.2008, p. 41.

(15) See the EESC opinion on The future of the European Social Fund after 2013, OJ C 132, 3.5.2011, p. 8
b) improving training (further training and retraining) for everyone who is already in work but has poor academic skills. These initiatives should take account of the age, experience and knowledge of the workers in question;

c) formalising the individual’s right to high-quality certified training, stipulating a number of training hours per year for all workers, irrespective of their qualifications or type of contract;

d) calling for individual skills development plans to be drawn up in businesses, involving workers and employers, taking account of the conditions affecting businesses, especially SMEs, in line with the agreement between workers and employers concluded at the European level;

e) supporting initiatives designed to improve recognition of non-formal learning, ensure the quality of such education and raise the profile of skills acquired outside the formal education system (such as the European Skills Passport);

f) establishing a close link between vocational training and a worker’s career development, investing in the recognition, validation and certification of skills acquired in the course of people’s working lives. In both cases, states should oversee the quality of assessment and certification services;

g) making efforts to ensure that training measures target the unemployed as a priority;

h) recalling that public employment services have a duty to play a more active role in training policies for priority target-groups, such as people with fewer skills and qualifications or in precarious jobs, or the most vulnerable groups, such as people with disabilities, older unemployed workers and immigrants;

i) taking due account of the gender dimension on the labour market and eliminating inequality and discrimination, specifically the wage gap between men and women.

4.2.6.3 Improving skills and harnessing the potential of older workers

a) the EESC wishes to highlight the considerable risk posed by long-term unemployment (loss of income and skills as well as social exclusion) and therefore considers that public employment services should play a more active role in finding jobs for the long-term unemployed and in developing active employment and vocational training policies;

b) sector-specific social dialogue at both EU and Member State levels has a key role to play in solving problems relating to skills; this consequently highlights the importance of sectoral skills councils in this field;

c) against this backdrop, the collective negotiation of contracts should be maintained and promoted, since both workers and businesses would benefit from a higher level of skills;

d) in a crisis, it would be legitimate to expect the European Social Fund to finance both measures to improve skills and innovative projects to create decent jobs;

e) it would also be useful to enable older people to choose to extend their working lives, by improving health, adapting work to people, placing value on work and improving skills, bearing in mind the principles laid down in ILO Recommendation 162 (16);

f) Against this backdrop, it is particularly important to capitalise on the potential of older workers for passing on knowledge to others in the workplace, which could then be discussed by employees’ and employers’ representatives.

Brussels, 14 July 2011.

The President
of the European Economic and Social Committee
Staffan NILSSON