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COMMITTEE AND THE COMMITTEE OF THE REGIONS**

**Opportunities, access and solidarity:
towards a new social vision for 21st century Europe**

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1. INTRODUCTION

How can the well-being, quality of life and common values of Europe's citizens be best advanced in today's world? This question is central to the Commission's Citizen's Agenda¹ and is at the heart of Europe's key instruments such as the single market, the Lisbon Strategy for Growth and Jobs and the Sustainable Development Strategy. All of these policies need to be built on a solid understanding of Europe's social realities and to keep pace with them.

What are those realities?

- European societies are changing fast: Europeans are living longer lives, facing unprecedented changes in family patterns, making progress towards gender equality and adjusting to new patterns of mobility and diversity.
- Globalisation, technological progress and economic developments are affecting the way we live and work, with new work opportunities, a demand for new skills and an increasing pace of change. The associated benefits and risks are not evenly shared and some parts of the population have difficulty adapting and run the risk of unemployment and exclusion.
- The EU itself has changed: it has grown to encompass 500 million citizens and is more diverse; the accession of new Member States has extended the benefits of peace, freedom and prosperity across the EU and to neighbouring countries.

These developments offer unprecedented opportunities in terms of free choice, healthier and longer lives, better living conditions and more innovative and open societies. But they also create new social risks that may reduce life chances and fuel a perception of insecurity, isolation, inequity and inequality. And there are widespread expectations that Europe should play a more prominent role in advancing the well-being of its citizens in this context of globalisation, helping them anticipate and foster change, as well as promoting European values on the global scene.

To be able to better respond to these concerns and expectations, the Commission has launched a broad based consultation on the social changes under way in the EU. Building on a discussion paper from its Bureau of European Policy Advisers (BEPA) and the results of a Eurobarometer poll², the Commission has stimulated a debate among stakeholders, the Member States and the other EU institutions³ and launched an internet consultation to seek views on what constitutes Europe's social reality. The purpose of this Communication is to enrich the on-going consultation on Europe's social reality by broadening the discussion from analysis to response. Reactions to this vision will feed into the preparation of a renewed Social Agenda, which the Commission will present in mid-2008.

¹ COM(2006) 211, 10.5.2006.

² See documents at : http://ec.europa.eu/citizens_agenda/social_reality_stocktaking/more_index_en.htm

³ See for instance the report of the European Parliament of 17 November 2007 (A6-400/07) and the opinion of the European Economic and Social Committee of 18 January 2007 (2007/C 93/11), as well as the activities of the Dublin, Paris and Budapest representations of the European Commission.

2. CHANGING SOCIAL REALITIES

By global standards, European societies are affluent and when polled, Europeans say they are happy and satisfied with their lives. Yet, when asked about the future, they express anxiety and concern, in particular for the coming generation.

Why? Naturally, perceptions differ widely between individuals and from one country or one region to another. However, one factor is common: all Member States are undergoing rapid and profound changes⁴.

- *In society*

- Life expectancy in European societies has dramatically improved: from 43.5 years in 1900 to 75.5 in 2000 and an expected 82 in 2050 for men, and from 46.0 to 81.4 with an expected 87.4 for women. Thanks to sixty years of peace, medical progress and better living and working conditions, a growing proportion of Europeans are now enjoying longer and more active retirement. This has far-reaching impacts on welfare systems, with the associated expenditure expected to rise to 2.5% of GDP by 2030 and 4.3% by 2050. At the same time, access to health services and healthy life expectancy still vary considerably between income groups and regions.
- Birth rates are in decline but evidence suggests that the desire for children often remains unfulfilled. This relates to a complex combination of factors, including uneven sharing of parenting responsibilities, sub-optimal childcare facilities, the housing situation and family-unfriendly work organisation.
- Social risks such as old-age dependency and social isolation are expected to rise as a result of these demographic trends. Today, 28% of the population over 70 currently live alone. Up to two-thirds of people over 75 are dependent on informal care, mostly provided by the immediate family, especially women. One in six older people live in poverty, with elderly women particularly exposed to low pensions as a result of incomplete careers.
- New risks of a generation divide are emerging between younger and older generations in terms of pay, job security and access to housing, as well as in terms of sharing the financial implications of ageing. The gap between the aspirations of the young generation and the threat of limited opportunities risks creating a "generation fracture".
- Changing family patterns including marital break ups, single parenthood and the weakening bonds of the extended family raise new issues of work/life balance and care responsibilities. Single parent households face higher risk of unemployment.
- Progress towards gender equality is taking place but remains far from a reality across the 27 Member States. Women are still under-represented in the labour market, in economic and political decision-making positions and the gender pay gap is still 15% on average. Gender stereotypes persist.
- Differences in income and opportunities are widespread across regions, between rural and urban areas, as well as between Member States. Over 100 million people live on an income

⁴ The document prepared by the BEPA provides a detailed overview of on-going societal trends. Additional facts and figures can be found in the Commission's 2007 Social Situation report.

equivalent to a maximum of 22 euros a day. The incidence of child poverty remains high and is rising in several Member States. These children face much higher risks of exclusion and poverty later in life.

- Migration is testing the effectiveness of Member States' integration strategies, notably in major European cities and border regions.

- ***In the economy***

- Although employment rates are increasing and Europe created 3.5 million new jobs in 2006, unemployment remains high in many parts of Europe.
- Demographic developments increase the risk of skills' and jobs' bottlenecks. The average exit age from the labour market is on the increase but, among 55-64 year old, 47% of men and 65% of women have dropped out of the labour market.
- Working life is being radically transformed by the combined effect of technological progress, changing economic demands and the growth of the services' sector. The workforce has to cope with an increased pace of change, be it for acquiring new skills, adjusting to new business models or adapting to shifting consumer preferences. At the same time, there are opportunities for more flexible forms of working, thanks to the use of IT technologies and the growing importance of flexi-time and tele-work.
- Working patterns and working conditions are becoming more diverse and irregular, ending the prospect of a "job-for-life" career pattern, with new forms of contracts, a spread of part-time, greater geographical mobility and more changes throughout a life time in both jobs and working status. This increases the risk of labour market polarisation, with evidence of rising wage inequalities and people with low skills trapped in low quality jobs with few prospects of advancement.
- In a knowledge society, human capital, education and skills are even more essential to foster job creation and reinforce social inclusion. But one fifth of school children do not reach the basic standards of literacy and numeracy and six million young people leave school without any qualifications. This raises questions about the quality and effectiveness of Europe's education and training systems. Youth, and these early school leavers in particular, find it difficult to get access to the labour market, with fewer unskilled jobs available and very uneven access to lifelong learning.

- ***In lifestyles and values***

- Traditional bonds such as family, social group and religion are weakening. There is a trend to individualisation of values and an atomisation of culture - a focus on the individual and the consumer rather than on society as a whole, and new issues of tolerance and respect for others. At the same time, new forms of solidarity are emerging, including through new leisure and cultural activities.
- The importance attached to traditional forms of political participation is decreasing and trust in public institutions is often low. Yet, there is a quest for new, more flexible forms of civic participation and a desire to shape the future.

- Globalisation has increased the exposure to diversity, stimulating curiosity and enriching societies. But it has prompted anxieties about cultural diversity and intercultural dialogue, as well as about Europe's capacity to assert its common values.
- New social problems are emerging such as stress and depression, obesity, environment-related diseases and lack of exercise. These add to traditional problems of social isolation, mental illness, drug and alcohol abuse, criminality and insecurity.
- The IT revolution and new communication tools have spawned new forms of dialogue and civic participation. But, there is a risk that new "communication gaps" emerge between various communities and generations who are not or are no longer connected. There is also evidence of a "digital gap" with low-educated, older and economically inactive citizens having difficulty making use of new technologies.
- The production and consumption patterns that underlie the affluence enjoyed in many parts of Europe have implications, including on climate change and increased pressures on natural resources. Reversing these negative impacts of current lifestyles will mean adjusting behaviour and will have significant social impacts.
- Technological progress has given rise to ethical questions, *e.g.* on medical treatment, gene therapy, stem cells, etc.

Existing welfare states are not always well attuned to adapt to these new and largely unprecedented challenges, in spite of many on-going reforms.

3. A "LIFE CHANCES" SOCIAL VISION FOR EUROPE: ADVANCING WELL-BEING THROUGH OPPORTUNITIES, ACCESS AND SOLIDARITY

Across the EU, a new social vision is emerging of how best to advance well-being in the face of today's challenges. This new approach has opportunities, access and solidarity at its core:

- Opportunities - to start well in life, realise one's own potential and make the most of the chances offered by an innovative, open and modern Europe.
- Access - new and more effective ways to get an education, progress in the job market, obtain quality healthcare and social protection and participate in culture and society.
- Solidarity - to foster social cohesion and social sustainability, and make sure that no individual is left behind.

This vision reflects an increasingly accepted view that whereas society cannot guarantee equal outcomes for its citizens, it must become much more resolute in fostering equal opportunities.

There is no "one-size-fits-all" approach across Europe, but there are common challenges and there is a common need to act. The central ambition is to achieve a wider distribution of "life chances", to allow everyone in the EU to have access to the resources, services, conditions and capabilities in order to turn the theoretical equality of opportunities and active citizenship into a meaningful reality.

This is a matter of social justice and social cohesion. A gap between "winners" and "losers" of economic and technological change may result in new patterns of inequality, with persisting

risk of poverty coinciding with new forms of exclusion. In a modern and cohesive society, everyone should be able to contribute fully to society and have access to new "ladders of opportunity" at different stages of the lifetime.

This is an economic imperative. A well-functioning, confident and buoyant society which invests in its human capital and creates opportunities for individuals to move on throughout their life cycle is essential to sustain economic growth, labour market participation, living standards and combat social exclusion. This is also a sound financial investment: tackling social problems at their source reduces the risk that the welfare system will have to pick up the bill for social dysfunctions and lack of economic opportunities at a later stage.

This is a political requirement. Building confidence and trust is essential for progress, modernisation and openness to change.

4. KEY AREAS FOR ACTION

This agenda of opportunities, access and solidarity requires investment - a renewed commitment to tap Europe's full human potential and to broaden life chances for all:

- ***Investing in youth:*** New social changes impact heavily on youth. Evidence shows that individual life chances are often set by the time a child reaches school, with family background and neighbourhood environment playing a key role. Essential cognitive, numeracy and literacy skills are acquired in early childhood. "Learning to learn", aspiring to higher education, attitudes toward civic participation and the choice of healthy diets and lifestyles are shaped when young. Innovative approaches are needed to enhance youth well-being and strengthen the young's ability to make a strong start in life. Particular efforts are needed to boost childcare and educational facilities for young children, adapt school curricula, reduce early school-leaving, and to ease the difficulties young people face in accessing the job market, housing and financing. Investment in childhood and youth is increasingly recognised as essential to boost life chances. It is a lifetime investment - an investment in the future.
- ***Investing in fulfilling careers:*** In today's and tomorrow's working life, everyone will face a range of transitions, from school to work, between jobs and working statuses, between job search and training, between career breaks and care periods, between working life and retirement. There is a risk of polarisation between those who can manage and those, notably the low-skilled, who cannot. In a life cycle approach, labour markets must be made more flexible and provide the necessary incentives and safeguards to allow workers and businesses to succeed in managing change and benefit from more diversified working lives. Security and flexibility can be mutually reinforcing and should build on one another ("flexicurity") to reinforce people's capacity to enter the world of work, progress and stay longer in it, by ensuring smooth transitions and pathways throughout their career. A radical policy and culture shift is taking place, away from a "job-for-life" ending with early retirement, towards "employment for life", active ageing strategies with strengthened and more accessible lifelong learning, flexible working arrangements, safe and innovative working conditions, and modern and effective social protection mechanisms at their core. This is the way to attract and retain more people in work, so that they can fulfil their aspirations, as well as work more productively.

- ***Investing in longer and healthier lives:*** The implications of an ageing society are becoming obvious, with new health and social risks having far-reaching impacts on social protection systems. But demographic change also opens up new opportunities for the spread of innovative services, goods and technologies, for instance for elderly care, with substantial potential for growth and jobs. From a life cycle perspective, the social and financial implications of ageing require a substantial rethink of intergenerational responsibilities and the way the associated costs are shared between generations. Europe should make full use of the current window of opportunity offered by the good economic situation to introduce sustainable reforms.
- ***Investing in gender equality:*** Too many obstacles still hinder the participation of women in work and society, with the additional risk that new ageing-related care responsibilities may fall disproportionately on them. It is essential for Europe to continue its shift from the "male breadwinner" model of social and tax policy to one of support to individual rights and the "dual earner" family, where both partners engage in paid employment and can reconcile professional, private and family aspects of their lives. Addressing pay gaps, reviewing the tax systems to improve work incentives, developing affordable and accessible childcare and eldercare, the spread of family-friendly practices in the workplace with more flexible leave arrangements over the lifetime are essential priorities in this respect. Such measures will also facilitate the retention of more people in the workforce and reduce risks of poverty.
- ***Investing in active inclusion and non-discrimination:*** Life chances are not equally distributed in today's societies. Effective and equal access to employment, lifelong learning social and healthcare services varies markedly across the EU, with a significant share of the EU population experiencing poverty and social exclusion and facing severe difficulties in achieving a decent living and finding a job. Each situation is different: the response will require a tailored set of measures which combine income support at a level sufficient for people to have a dignified life with a link to the labour market, through job opportunities or vocational training and through better access to enabling social services. Moreover, some 44.6 million people aged between 16 and 64 - 16% of the EU working-age population - consider themselves to have a longstanding health problem or disability. Many of them are willing and able to take up work provided appropriate conditions are met. Discrimination on the basis of disability, age, religion, race, ethnic origin or sexual orientation is banned but still hinders the life chances of many. With population ageing and the possibility for almost five generations to co-exist, the individualisation of preferences and more varied flows of migration, our societies are becoming more open, diverse and complex. Acceptance of diversity, active inclusion of the most disadvantaged, the promotion of equality and the eradication of non-discrimination are essential priorities for Europeans to achieve personal freedom and empowerment.
- ***Investing in mobility and successful integration:*** Europeans will become more mobile - European youth today is more mobile than in previous generations and mobility within the EU is a fundamental right for citizens to exercise, with intra-EU mobility being a welcome feature of a more integrated economy. In addition, sustained immigration flows are seen as necessary for Europe to meet the challenges of an ageing and shrinking working-age population. These flows will probably be more varied than traditional immigration patterns, with an increasing number of people leaving and then returning to their country of origin. All of this means that European societies will become more open, diverse and complex. New forward-looking approaches are needed to promote better integration of

migrants, encouraging mutual respect in a two-way process of exercising rights and meeting obligations.

- ***Investing in civic participation, culture and dialogue:*** Active participation in collective activities such as culture, sport, civic and political activism contributes to the coherence and solidarity of Europe's communities and can thus help fight risks of atomisation and isolation. Voluntary work and civic engagement also play a prominent role in strengthening social cohesion. In today's Europe, cultural exchanges are as lively and vibrant as ever. Increased leisure time has created an unprecedented demand for new cultural goods. Europe's cultural diversity is a source of human enrichment and inspiration world-wide. It is also an economic asset, with innovation and creativity being an important trigger of economic activities and jobs in a knowledge-based world.

These "investments" are in the human and social capital of our societies. They demand an effort on the part of individuals, families, local communities, social and business institutions, NGOs and the various levels of government. In some instances, this may mean a re-direction or a new sharing of social spending. It is not simply spending to subsidise the consequences of societal failure. It is social investment that needs to be justified according to the best available estimates of social and economic return from a sustainable development perspective. For example, investing in the early years, education and training or preventive health care yield very high returns and offer substantial pay-offs later in life or one generation down the road, not only in terms of higher employment and productivity, but also in terms of reducing the enormous costs that social breakdown would impose on our societies. This is the way to reconcile equity and efficiency.

5. THE ROLE OF THE EU

Member States have the main responsibility for the policy changes that are necessary to translate this vision into reality. EU action will remain conditional upon proven added value, in line with subsidiarity and proportionality requirements. This is what citizens expect and this is what is usually most efficient. But this does not preclude a more pro-active role at EU level to catalyse change and to steer, support and accompany necessary reforms.

This role is anchored on a solid foundation: the Community "*acquis*" and the set of shared rights and values, which are clearly expressed in Article 2 of the Reform Treaty, as well as in the Charter of Fundamental Rights: respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities. These values are common to all the Member States - European societies in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail.

The strength of the EU is not only that it is a community of values, but also a community of action, in which Member States join forces and achieve results collectively. The Reform Treaty contains a horizontal social clause giving prominence to the EU commitment to employment and social protection and confirming the role of the regions and the social partners as part of the political, economic and social fabric of the Union. Meeting the new challenges set out above require that this collective energy be directed toward innovative economic and social policy solutions. Most of them will be found at the local, regional and national level. But the EU can help in at least five respects:

- ***Setting policy frameworks for action:*** In many social policy areas, diversity in policies and practices and heterogeneity of national institutions between Member States argues against harmonisation. Yet, there is a strong need and a shared willingness to work towards common goals. This is why in a number of policy domains such as employment, social inclusion, social protection, education, youth, culture, health and the integration of immigrants, the EU has established common objectives with specific timetables, reporting mechanisms and indicators as a means of monitoring progress and comparing best practice. The experience of the European Employment Strategy launched ten years ago - and now an essential pillar of the Lisbon Strategy - shows that such mechanisms can make a difference, by shedding new light on priorities which were not prominent at EU level earlier on - such as "flexicurity", quality and productivity of work, childcare, immigration, undeclared work and minority issues - as well as on innovative ways to address them. These processes have now been operating for several years. They have been successful in allowing the Member States and the Commission to define common goals; but less so in stimulating the necessary degree of ambition and policy efforts to reach these common goals. As is being done for the review of the Lisbon Strategy, the EU should consider how to make these voluntary processes more dynamic and more focused on implementation while at the same time taking into account the diversity of institutions and traditions. The approach of "common principles" used in the case of flexicurity could be for example applied to promote the active inclusion of those furthest away from the labour market, in full respect of national contexts and Member States' competencies. Moreover, attention needs to be paid to ensuring coherence and maximising synergies between the various coordination processes (e.g. the Lisbon and Sustainable Development Strategies, structural funds programming).
- ***Upholding Europe's values and ensuring a level-playing field:*** There is a solid EU legal framework in areas such as gender equality, anti-discrimination, free movement of workers and working and employment conditions. European social partners have been active in negotiating agreements or defining joint strategies in key domains, such as parental leave, stress at work, lifelong learning and the management of restructuring. In the light of changing social realities, the increased diversity of the EU and the new Reform Treaty, the legal framework needs to be reviewed and adapted, where appropriate, to ensure that it reaches agreed goals effectively. EU legislation will remain essential to uphold the rights of citizens as set out in the Treaty, including through ensuring a better compatibility between national rules. Finally, the EU has set out its views on how Europe can succeed in an era of globalisation by shaping global regulation, examining best ways to promote a convergence of standards globally.
- ***Sharing experiences and good practices:*** For all the EU's diversity, Member States are often faced with common societal trends and practical difficulties, offering tremendous scope for mutual learning. Progress towards common EU goals must be monitored, evaluated and compared. Social innovations need to be tested and the social returns on different forms of investment need to be assessed. Best practice needs to be rolled out: EU mechanisms for exchange of experiences, joint evaluations and peer reviews should be re-invigorated, making sure that they are part of the mainstream national and European policy debate. Achieving greater involvement of national and regional parliaments, local and regional authorities, social partners and NGOs is essential in this respect.
- ***Supporting action at local, regional and national level:*** Through its cohesion policy and structural funds, the EU has played a major role in reducing differences in prosperity and living standards across the EU. The funds have provided and continue to provide the

financial lever for less advanced regions and Member States to catch up, and for a better interconnection and exchange between Member States. In recent years, these instruments have become more closely associated with the "growth and jobs" policy priorities of the EU. Over the period 2007-2013, € 75 billion are being invested by the European Social Fund (ESF) to equip the workforce with new skills and companies with innovative work organisations. Moreover, on the initiative of the Commission, a European Globalisation Fund has been put in place in order to help reintegrate into the labour market workers made redundant due to changing global trade patterns. This Fund is an important sign of solidarity for those affected by the consequences of globalisation and it should serve to provide effective preventive and active measures for them to adapt and move on. The Commission has launched a debate on the future of the European budget after 2013. It will be important to feed the findings of this social reality consultation into that debate.

- ***Raising awareness and building a strong knowledge base:*** The EU has an important role to play in flagging key issues, stimulating discussion and creating political momentum for tackling common challenges in Europe. Initiatives such as the European Years for Equal Opportunities for All (2007), for Intercultural Dialogue (2008) and for combating Poverty and Social Exclusion (2010) facilitate this type of discussion. Awareness and analysis of social issues has often been hampered by the lack of complete and up-to-date EU-wide statistics and indicators. The collection of comparable data is necessary and remains a demanding task. Yet, decision makers need these facts in order to better inform public debate and assess the social impact of initiatives. A number of foundations and agencies - the European Foundation for the Improvement of Living and Working Conditions, the newly created European Agency for Fundamental Rights and the European Institute for Gender Equality will increasingly contribute to inform decision-making and raise awareness. The more systematic use of consultation and of independent expert panels, including from non-EU countries, should also be a way to reinforce the evidence base and feed the European political debate.

6. NEXT STEPS

The purpose of the social reality stocktaking is to analyse afresh the complex dynamics of social change within our societies so as to be able to judge the relevance and appropriateness of current policies and develop a solid base for the future.

The present Communication sketches out a new "life chances" social vision for 21st century Europe, based on a preliminary analysis of how our societies are changing, the new social challenges they face and how Member States and the EU could work in partnership to address those challenges. It enriches the on-going consultation by outlining possible areas for action and the role of the EU in this respect. The consultation is under way and stakeholders are invited to send their views. To facilitate replies, the deadline is extended to 15 February 2008⁵.

Building on this consultation, the Commission will prepare a renewed Social Agenda for mid-2008. In developing this new Agenda, it will review the nature, scope and combination of instruments used in the various fields. It will also take due account of the new institutional framework given by the Reform Treaty. Together with the review of the single market, this renewed Social Agenda will help deliver further concrete results for Europe's citizens.

⁵ Replies and additional comments can be sent to: SG-Social-Reality@ec.europa.eu