



EUROPEAN COMMISSION

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Towards a new 'social contract' in Europe

High-level Conference on the European Social Charter

Turin, 17 October 2014

Excellencies,

Secretary General of the Council of Europe Mr Mayor,

Ladies and gentlemen,

The Council of Europe and the European Union are longstanding partners. Our two organisations are based on *shared* values and stand for *the same* principles.

We share a determination to promote and safeguard democracy, the rule of law, human rights and fundamental freedoms and we support each other in that endeavour. All of the EU Member States are members of the Council of Europe.

The European Union has high regard for the Council of Europe's unique role in standard- setting. We work closely together in many ways, and hold a continuous dialogue in the area of social and economic rights.

This two-day conference on the European Social Charter here in Turin, where the Charter was signed 53 years ago, comes at the right time as we reach a turning point in the crisis.

Social rights are inseparable from the concept of advance democracy in Europe. A well- functioning democracy requires a set of social rights as a bond between the State and its citizens. The French would speak of a '*contrat social*'. The last 200 years saw the concept of 'social contract' taking roots everywhere in Europe.

All EU Member States have signed the European Social Charter and are parties to the European Convention of Human Rights.

The preamble to the Treaty on European Union states that the Member States confirm "their attachment to fundamental social rights as defined in the European Social Charter signed at Turin on 18 October 1961 and in the 1989 Community Charter of the Fundamental Social Rights of Workers".

And Article 151 of the Treaty on the Functioning of the European Union refers explicitly to the European Social Charter, alongside the Charter of

Fundamental Rights of the European Union.

But transforming those rights into reality is a big challenge for all of us, especially since the crisis started.

Let's take the right to work, which is a critical question, especially in times of high unemployment.

Unemployment reached its peak last year when it stood at 11% in the EU and at 12% in the Euro area. Unemployment in the Euro area fell to 11.5% by June this year, thanks to an incipient economic recovery which started in spring last year and which still remains fragile and uneven.

Compared with 2008, there are around 9 million more people unemployed across the European Union, and joblessness among young people and the long-term unemployed is a cause of great concern.

Since late last year, real household income is picking up again, but the recovery falls short of addressing the social challenges that have built up since the crisis broke out. The social damage done by the crisis will take years to mend.

Then there is another important right — the right to protection against poverty and social exclusion.

In 2010, the European Union adopted the Europe 2020 Strategy and set a headline target to reduce the number of those living in poverty and social exclusion by at least 20 million by 2020.

The relevance of this objective is highlighted by the fact that the number of people in the EU at risk of poverty or social exclusion has risen by close to 7.8 million in the last 5 years. That means that the poor and the socially excluded in the EU now stand at 124 million — nearly a quarter of the EU population! The protracted economic crisis has also brought with it more inequalities, especially in the Euro zone periphery.

That runs counter to our efforts to promote the well-being of all people in the EU and it poses a threat to society and the economy — since poverty and social exclusion undermine social cohesion, hamper growth, and weaken economic competitiveness.

Those effects are not felt evenly across the Union.

The gap is widening between the Member States in terms of their social situation and of social outcomes. While the growing divergence is worrying, it also shows that some Member States have more effective social policy strategies than others, and that we can learn from them.

Poverty is a complex and multi-faceted phenomenon. It has many drivers. Some are structural, while others have been exacerbated by the crisis and the remedies applied to the economy.

These challenges are not just for policy-makers at national level.

While employment and social policies are largely the Member States' responsibility, the European Union has put in place a long-term strategy to achieve smart, sustainable and inclusive growth backed up by strong governance

mechanisms. The European Union also supports the Member States in their efforts by developing common standards and benchmarks. And of course we provide financial support to boost investment in the Member States.

In some areas, the EU sets the rules — for instance on the way the internal market functions, including worker mobility and working conditions, including health and safety at work.

But we realise that targeted assistance cannot replace a supportive macroeconomic policy mix. A policy mix that needs to blend investments in human capital, structural reforms and safety nets and that can protect people from economic shocks.

The great divergence in the Member States' economic, employment and social situations — especially in the euro area — and in their prospects for recovery is the biggest challenge facing us.

A large consensus has emerged that collective action is needed to tackle employment and social challenges in a timely and effective manner if we are to address and prevent enduring disparities and avert the risks they hold for social and institutional stability.

This is why the Commission adopted a scoreboard of key employment and social indicators able to detect worrisome social trends, so that we can calibrate the policy response.

Giving the Economic and Monetary Union a stronger social dimension has been one of my main concerns as Commissioner and I welcome the fact that Commission President-designate Juncker and the Italian Presidency want to take this up and incorporate the social dimension into the further development of the monetary union.

That will bolster our endeavour to improve coherence in macroeconomic, employment and social policies, which I understand is among the key messages of this Conference.

Let me be crystal-clear: no monetary union can be sustainable or legitimate without upward convergence of social standards — convergence that must draw inspiration from the founding texts, among which the European Social Charter has a central place.

Only through a continued reform of the EMU and by strengthening it with new instruments that facilitate balanced growth, ensure well functioning social dialogue and safeguard our welfare systems in all Member States, can we move towards a new 'Social Contract' in Europe.

Ladies and gentlemen,

I said that the recovery cannot come at the expense of fundamental rights, including those protected under the European Social Charter and the Charter of Fundamental Rights of the European Union.

And there can be no sustainable recovery without quality job creation.

We know that the crisis has increased the long-term trend towards wage polarisation and labour-market segmentation in many countries.

Greater job insecurity, more acceptance of part-time and temporary work by necessity, not by choice, have increased stress in many places.

Within the European Union, across Europe and outside Europe too, we must resist the temptation to engage in a race to undercut each other in labour standards.

We need to improve working conditions in Europe and across the world and promote our shared values in order to prevent social dumping on today's global marketplace as we seek to come out of the crisis.

That is why I proposed a Strategic Framework on Health and Safety at Work for the period up to 2020, a European Platform to prevent and deter undeclared work and specific action to boost quality employment for young people through Youth Guarantee schemes, a Quality Framework for Traineeships, and the European Alliance for Apprenticeships.

All these initiatives stretch beyond the borders of the EU.

Under our enlargement and neighbourhood policy, the European Union promotes job quality and better working conditions and calls on the authorities to engage in social dialogue with their social partners and with civil society.

The EU promotes respect for labour standards in our external relations and is active in such global forums as the G20, which can help foster strong, sustainable, balanced growth with an eye in particular to quality job creation and social cohesion. The recent G20 meeting of Employment Ministers in Melbourne confirmed our common endeavour to boost employment and improve working conditions.

Ladies and gentlemen,

This conference will surely highlight other aspects of the European Social Charter's role in asserting social rights as we exit the crisis, and my Commission colleagues will no doubt round out what I have said.

I want to thank the Council of Europe, the Italian Presidency and the City of Turin for organising this event.

As the European Committee of Social Rights suggests in the working document on EU law and the European Social Charter submitted to this Conference, the Commission is ready to engage in a continuing dialogue in this area.

We share a determination to make the world a better place to work and live in. This conference is a good opportunity to make progress towards that goal.

Thank you.