

Speaking points by Commissioner Thyssen on the 201 Employment and Social Developments in Europe review (ESDE Report)

Speech by Commissioner Thyssen in charge of Employment, Social Affairs, Skills and Labour Mobility

Ladies and gentlemen,

From my first day in office, my priority has been investing in Europe's people; because the European Union is and should be first and foremost about improving our people's lives and future.

Today I am here to present to you this year's review on Employment and Social Developments in Europe.

Let me start with some positive messages about the strong recovery on the labour markets.

We have reached the highest employment rate ever recorded in the European Union, 71.1 percent.

Today, there are over 234 million women and men at work, which is the highest number of employed people ever registered.

Unemployment has decreased steadily. It is now at its lowest level since the peak of the crisis.

And since 2013, 10 million new jobs have been created. 80% of these new jobs are full time, 20% are part time. And 70% of the jobs are on permanent contracts, 30% on temporary contracts.

Moreover, disposable household income reached the level of 2008 by 2015 and its growth continued to strengthen in 2016.

And also crucial, average living standards in the EU have improved steadily over recent decades, from one generation to the next.

But how do we make sure this trend continues? How do we make sure that our children, and future generations, will not be worse off than their parents?

This is why in this year's review we looked more closely at generational inequalities.

What evidence do we find to believe that the current young and future generations might be worse off?

And even more important, what policy initiatives are needed to address these inequalities?

The report highlights three challenges that will have a high impact on future generations:

Firstly, the **crisis** hit younger workers harder than the older ones. Unemployment is still higher for young people than for the older generations.

Secondly, technological evolutions have opened up unprecedented opportunities. At the same time they are changing the way we work. Atypical forms of work have increased and working careers now have less stability.

Moreover, while in-work poverty rates vary considerably across Member States, in-work poverty in the EU-28 increased as a result of the crisis (from 8.3% in 2010 to 9.5% in 2015). This was in particular the case for temporary and part-time jobs which constitute a big share of job-opportunities for the young.

Thirdly, we looked at demographic change. The EU's **working-age population** is expected to decline by 0.3% every year until 2060, while the number of over-64 year olds will increase by 1.6 %. This means that in 2060, for every retired person there will only be two people of working age, compared to four today. The consequences are clear:

Fewer people will pay into our pension systems.

And they will need to pay higher contributions to pension schemes than their parents, while their pension levels will be lower, in comparison to wages. This means that there will be a **double burden** on future generations.

The difficulties young people face, affect their income and make them increasingly vulnerable on the labour market. Young people working in non-standard employment are less protected by the welfare state systems due to lower benefit coverage.

Due to these developments, younger people also tend to postpone important life decisions, such as living independently, buying a house and starting a family.

These are developments we need to take very seriously because they have serious negative impacts for individuals' lives but also beyond it. They may be undermining social cohesion, growth perspectives and sustainability.

Ladies and gentlemen,

The results of today's report give us relevant evidence, information and guidance to underpin and develop future political action.

First of all, I already mentioned the need for pension reforms.

And secondly, one of the most promising paths of action is to **invest in people's employability**.

30% of the EU working-age population is inactive: 90 million people in the whole EU. **We cannot afford ourselves to leave our human resources untapped.** We need to help people into work throughout all generations, and continue to foster quality job creation and investment in parallel.

Finally, we can only be effective if we act jointly, each at the level of their competence: Member States, regional and local governments and of course, social partners.

From our side, the Commission supports and helps Member States to invest in human capital and in active labour market policies through the **European Semester** and the **European Social Fund**, the **Youth Guarantee**, the **Youth Employment Initiative**, and more recently the **Youth Package: With Erasmus Pro** and the **European Solidarity Corps** we want to create new and more opportunities for our young people.

The **New Skills Agenda**, which is being rolled out at a good pace and supports the development of citizens' skills to ensure their employability in the changing world of work. And our flagship initiative, the **European Pillar of Social Rights**. Its 20 principles and rights serve as a compass towards fair and well-functioning labour markets and social protection systems, against the background of the challenges I mentioned earlier.

Our follow-up initiatives on **Written Statement and Access to Social Protection** – on which we launched a social partners' consultation – aim to ensure clear working conditions and access to social protection also for those in non-standard types of employment and self-employment.

And of course, our initiative on **Work-Life Balance**, which aims at supporting parents and carers who will enjoy a better balance between their private and professional lives and increasing women's participation in the labour market.

I hope that today's Employment and Social Developments Report will inspire Member States and social partners to take action, which is in the interest of us all. It shows the relevance of what is in the European Pillar of Social Rights. This is why I hope that the Pillar will be proclaimed jointly by the European Parliament, the Council and the Commission before the end of the year to support further action at national level.

Leaving our young people behind is putting at risk our own future: our growth, our welfare, our social model. We owe it to the younger generations to do everything we can to give them at least the same, if not more, chances to advance and prosper in life.

Thank you.