ACTIVE LABOUR MARKET POLICIES
FOR THE EUROPE 2020 STRATEGY
WAYS TO MOVE FORWARD

Key challenges for a future EU employment policiy

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The combination of the new EU 2020 Strategy, the activities meant to strengthen the EU's economic governance, the impact of the global crisis and globalisation, presents the biggest challenge in the history of the EU employment policy since its origin in 1997. Their effect goes way beyond the active labour market policy, no matter how important it may be. They have repercussions on governance, on the role of the actors and on the mutual correlation between the economic, employment and social policies. This applies to the EU, the Member States and the regions.

With the introduction of the so-called 'European semester' starting January 2011 and the integrated approach and follow-up of the macro-economic, budgetary and structural thematic policies (labour, social protection, innovation, education and training, a greening economy), the EU Ministers of Labour and Social Affairs – and the social partners and other labour market actors - will have to do all they can to claim their places in the EU administration. The Belgian EU Presidency of the European Council has understood these strategic challenges very well. It has put the role of the employment policy in EU 2020 and the economic governance on the agenda of the informal EPSCO (EU Council for Employment and Social Affairs) of 7 and 8 July 2010. EMCO (the EU Employment Committee) is also actively working on the matter. Whether the ECOFIN Ministers and the European Council will take these efforts into consideration still remains to be seen.

According to the ILO Priority Convention no. 122 on Employment Policy (ratified by all Member States with the exception of Malta and Luxembourg, which are expected to ratify the Convention in the near future), the economic policy must indeed take account of the full employment objective. Furthermore, timely consultation of the social partners about the employment policy and the wider economic policy is required insofar as they affect employment.

The growing importance of employment and active labour market policy in the EU since 1997 is a positive development that builds on the ILO approach reflected in the Decent Work Agenda (formalised in the 2008 ILO Declaration on Social Justice for a Fair Globalisation) as well as in the 2009 ILO Global Employment Pact. The drafting of European employment guidelines (as part of the integrated economic guidelines) in the scope of EU 2020 justifiably underlines the importance of the quality of labour; of the fight against segmentation and exclusion on the job market; of guidance in transitions; of training and competences, of green jobs and of social dialogue. This is in line with the ILO Global Employment Pact.

However, the ILO report 'World of Work: from one crisis to the next?' from 20 September 2010 also points at the large global and even intra-European imbalances that might undermine economic recovery and job recovery. Countries that still have a budgetary policy margin and those with an underdeveloped domestic demand (in both instances e.g. China and Germany for their substandard wages development compared to output increases and their low wages in, for instance, various services to companies), must use that margin to boost demand. This will benefit both domestic demand and the weaker countries.

The ILO report also points at the importance of reforming the financial system for the purpose of sustainable job recovery. Reforms of EU supervision of the financial institutions are a step in the right direction, but other decisions are required in line with the agreements made in the G20. The good news is that the targeted labour market measures for job retention proved successful during the crisis (e.g. economic unemployment) in Belgium, Germany, the Netherlands and other countries. This has to do in part with the requirement of binding qualified personnel to a company and re-employing them when demand recovers. The total costs of these targeted labour market measures are not all bad: an ILO estimate puts them at 15% of the deficits resulting from the crisis.