

**Opinion of the Economic and Social Committee on 'The mid-term review of the three processes that underpin the European Employment Strategy'**

(2001/C 139/10)

At its plenary session of 2 March 2000, the Economic and Social Committee, acting under Rule 23(3) of its Rules of Procedure, decided to draw up an opinion on 'The mid-term review of the European Employment Strategy'.

Pursuant to Rules 11(4) and 19(1) of its Rules of Procedure, the Committee appointed a subcommittee to prepare its work on the subject.

The subcommittee adopted its draft opinion on 14 February 2001. The rapporteur was Mr Olsson and the co-rapporteur Mrs Engelen-Kefer.

At its 379th plenary session on 28 February to 1 March 2001 (meeting of 28 February 2001), the Economic and Social Committee adopted the following opinion by 93 votes to one, with two abstentions.

**1. Background for the review**

1.1. The scope of this opinion is to:

- review the different processes (Luxembourg, Cardiff, Cologne) within a global approach;
- target the Spring Council in Stockholm 2001 as the first follow-up to the Lisbon summit, which confirmed the need to coordinate the three processes and bring in new elements.

Bearing in mind that the Committee represents different actors of organised civil society, the review is based on the following criteria:

- the participation of organised civil society in preparing and implementing the three processes and the follow-up of the Lisbon strategy;
- the respective role and responsibility of the different actors with regard to the need to strike a suitable balance between legislation and non-legislative measures, while meeting the objectives of fostering a knowledge-based economy within a framework combining social cohesion, increased employment and sustainable development with justice and equal opportunities for everyone.

The structural indicators presented by the Commission to follow up the Lisbon Summit are assessed in another Committee opinion<sup>(1)</sup>.

1.1.1. The Luxembourg process

The Luxembourg process (November 1997), aims at strengthening co-ordination of national employment policies. The essence of the process is to commit the Member States to an integrated set of common objectives and targets grouped under the four pillars of employability, entrepreneurship, adaptability and equal opportunities. A process of regular programming, reporting, peer review, assessment and adjustment of the objectives has been established. Its main expression at EU level are the Employment guidelines which are adopted each year and then transposed into National Action Plans for Employment in each Member State.

With a view to boosting the impact of the Luxembourg process, the Lisbon European Council called for a mid-term review, the conclusions of which are reflected in the employment guidelines for 2001.

The medium-term review<sup>(2)</sup> finds that the process has helped to focus attention on employment and that several actors have been mobilised as part of an integrated approach. It also observes a steady accentuation of regional discrepancies, along with an increasing shortage of skilled labour in particular. In addition, an imbalance is apparent in implementation of the various guidelines, especially as regards the adaptability pillar. Gender mainstreaming too has only partly been achieved. Proposals for the future included fewer guidelines, more effective coordination with other processes, definition of indicators, better monitoring and the dissemination of good practice. A more clearcut division of responsibilities among the actors was recommended, particularly with a view to involving the social partners more closely. Lastly, the review advocates that the process should be more visible to the general public.

<sup>(1)</sup> Structural indicators.

<sup>(2)</sup> Internal Commission document: Mid-term review of the Luxembourg process.

The Committee endorses the medium-term review's conclusions, above all, the stress on key issues, clearer quantitative and qualitative aims, the need to foster a spirit of entrepreneurship and the involvement and role of the social partners in the guidelines most relevant to them at all levels. The Committee also emphasises that the Luxembourg process must have widespread roots in the Member States, both locally and among all the various business and social organisations. At the end of the five year period, a one year pause should therefore be considered so that all actors concerned can be truly mobilised. Further, in order to be able to focus on and finetune objectives, the process should be streamlined.

### 1.1.2. The Cardiff process

The Cardiff process (June 1998) aims at economic reform to make the single market a motor for new jobs and to promote entrepreneurship and competitiveness.

The process covers measures that will dismantle impediments to trade between Member States, increase performance of the service sector, make the environment for small and medium size business more conducive to growth and employment, lead to efficient capital markets and an adequate supply of risk capital, further an effective competition policy and reduce state aids.

In response to the mandate from the Cardiff European Council, the Member States and the Commission produce annual reports on matters relating to reform of the production and capital markets.

In the second Cardiff report<sup>(1)</sup>, the Commission called on the EU and the Member States to introduce economic reforms compatible with economic and social cohesion, to ensure participation of all stakeholders and to call on public authorities to guarantee actual impact on competitiveness and improving consumer welfare as well as to ensure a simple and high quality regulatory environment.

The Committee supports this challenge but would stress the need for more systematic, coordinated follow-up so that the Cardiff process be implemented with more active commitment from the social partners and other business and social organisations.

### 1.1.3. The Cologne process

The Cologne process (June 1999) complements the Luxembourg and Cardiff processes within a comprehensive overall approach — the European Employment Pact — bringing

together all the Union's employment measures. The process entails coordination of economic policy and improvement of mutually supportive interaction between wage developments and monetary, budget and fiscal policy and which, through macro-economic dialogue, aims to preserve a sustained non-inflationary growth and the lasting success of Economic and Monetary Union.

The Broad Economic Policy Guidelines (BEPG) are a central element in the economic policy co-ordination process. They provide the interface between economic policy and the Luxembourg and Cardiff processes and are to be discussed from 2000 onwards in other Council constellations — not just the Finance Ministers.

The Council, the Commission, the ECB and the social partners take part in the macro-economic dialogue. Meetings are held twice yearly since 1999 and are chaired by the president of the Ecofin Council.

The Committee observes that the Cologne Process has got off the ground but draws attention to the European labour organisations' joint recommendations regarding effective participation of the Finance Ministers and that the dialogue must also encompass relations between macro-economic policy and structural reforms<sup>(2)</sup>.

## 2. The Lisbon Summit — The new open method of coordination

2.1. Following on from the European Councils in Cologne and in Helsinki, the Lisbon European Council focused on the consistency between, and improved articulation of, the various coordination processes.

However instead of launching a new process, the Council introduced a new political method, the so-called new open method of coordination in order to implement the new strategic goal adopted at the Lisbon Summit.

2.2. The new method involves fixing guidelines and specific timetables to achieve the goals, establishing quantitative and qualitative indicators, benchmarks against the best in the world, comparing best practice. The European guidelines should be transposed into national and regional policies by setting specific targets and adopting measures taking into account national and regional differences.

<sup>(1)</sup> COM(1999) 61 final. Economic and structural reforms in the EU (Cardiff II).

<sup>(2)</sup> Common UNICE/CEEP/ETUC position before the high-level forum in June 2000 (Union of industrial and employers' confederations of Europe; European centre of enterprises with public participation and enterprises of general economic interest; European Trade Union Confederation).

2.3. In line with subsidiarity and a decentralised approach the Council suggested that the European Union, the Member States, regional and local authorities as well as 'social partners and civil society' should be actively involved. The strategy thereby relies primarily on the private sector as well as on public-private partnerships.

2.4. The Committee notes that the new method implies the whole of organised civil society to implement the strategy. The European project shall progress not by a 'top-down' approach, but by 'bottom-up' co-ordination of policies of public and private actors.

2.5. The Committee has on various occasions suggested that social and economic organisations should be involved in defining, implementing and monitoring EU policies, both at EU and national level as regards, for instance the broad economic policy guidelines, the employment guidelines, enterprise policy, the single market, social protection, financial markets' regulation, the social exclusion action programme, etc. The Committee notes that the Lisbon strategy has paved the way for the introduction of new 'processes' in other policy areas, such as policy for combating social exclusion and poverty.

2.6. As a next step, European policies on transport, energy and environment should be integrated into the Lisbon strategy.

2.7. The new open method of coordination corresponds to the diversity of Europe in culture, life-styles and economic and social conditions. Diversity has increased over the years. Diversity needs a variety of instruments — legislative and non-legislative — and the creation of a culture in which everyone participates: enterprises in both the 'new' and the 'old' economy, trade union organisations, social protection institutions, other social and economic players, formal and non-formal educational bodies, private associations and authorities. The policy's territorial dimension, based on a broad partnership, is also crucial in order to tackle diversity.

However, the Committee also wishes to highlight the common values that underpin the European model and stress that the new open method of coordination requires that the monitoring and assessment of the policy (which can operate differently from one Member State to another), on the basis of common criteria, must encompass all EU countries.

2.8. The private sector's co-responsibility is a challenge for organised civil society and hence to the Committee as a mouthpiece of a wide spectrum of representative organisations in business and the community.

The Committee has therefore a responsibility to mobilise these actors, thus providing value added to the process.

2.9. The Committee points to the need for the applicant countries to prepare themselves as speedily as possible for participation in the new method of coordination since accession to the EU does not merely involve technical adjustment to the existing *acquis communautaire* and establishing the requisite official machinery for its implementation. It is equally important for business and social organisations to play an active part so that the enlargement process is as broadly based as possible. Within its own remit the Committee will follow this development closely so as to involve organised civil society organisations.

2.10. The new method of coordination should also be seen in the context of the upcoming White Paper on the new governance for Europe which is to be published after the Stockholm European Council.

### 3. Are civil society organisations involved? — An enquiry

3.1. A questionnaire was sent out to the members of the Committee, European organisations and national economic and social councils. The questions related to the extent they were actively involved in different areas of policy (macro-economic dialogue, employment guidelines, enterprise policy, single market, financial services, social security schemes, action plans to combat social exclusion and regional/local development programmes).

The replies received from Committee members covered 13 out of the 15 Member States. Around 20 European organisations and eight national ESCs answered.

Though the number of replies was relatively low, the following preliminary conclusions can be drawn: The social partners are fairly closely involved at both European/national and at regional/local level, especially in those areas which are of particular concern to them. Organisations representing specific interests (e.g. financial services or social exclusion) also indicate a high rate of involvement. However, in some Member States the answers show that the partners play no part in, for instance, framing employment policy. On single market issues, the answers show that participation is relatively low. The 'various interest groups' (Group III) record a consistently lower rate of participation (except as regards enterprise policy and social exclusion at national level) than workers' and employers' organisations. The answers show that national ESCs are not always involved (six out of the eight which replied indicated participation in only a few, if any, of the specified areas of policy) even at national level.

3.2. In order to increase participation in the process, the Committee urges that the socio-economic organisations of civil society make themselves heard at national, regional and local level, and the authorities at the same level to establish public-private partnerships based on openness, mutual confidence and equality.

At the Stockholm Summit the Council should reiterate the importance of involving civil society organisations.

However, the Committee feels that it is important for both the Commission and national governments to leave the social partners to play their roles and not to intervene unsuitably or with excessive haste; instead they should be allowed to assume full responsibility within their area of competence.

#### **4. Public-private partnerships and the role of government**

4.1. Within the shared responsibilities between the public and private sectors underlying the Lisbon strategy, the role of government should be to provide a framework of provisions regarding organised civil society's contribution to achieving the objectives set by the various processes and in the Lisbon strategy. Here the Committee supports the Cardiff II report's recommendation of a simple, high-quality regulation<sup>(1)</sup>.

4.2. Private-public partnership should be enhanced and a benchmarking process should be established in order to identify good practice of how responsibilities are shared.

4.3. A horizontal approach is needed by government in order to overcome segmentation, both to boost effectiveness and to match the integrated approach by organised civil society. This would be in line with the administrative reform called for as part of necessary economic reforms by the Lisbon Summit. In order to underpin administrative reform and guarantee high quality of services, measures must be taken to develop staff policy, increase staff participation and improve management. An active policy is also needed to provide greater opportunities for women and disadvantaged staff categories as well as to achieve 'internal modernisation', innovation and better performance in tandem with the dismantling of rigid hierarchies. In addition, account must be taken of the regional consequences of administrative reforms.

The Committee advocates that public authorities in the Member States be encouraged to exchange experiences of administrative reform so that, as in the case of organised civil society, good practices in other countries can serve as example.

#### **5. The maintenance and improvement of services of general interest**

5.1. EU measures to promote competitiveness increasingly affect public sector activities. Many sectors are no longer within the ambit of regulation by Member States, but under the rule of the free market.

This development is to be welcomed, insofar as it ensures higher quality of services and lower prices, as well as giving all users access to the services provided at reasonable cost.

5.2. However, government is responsible for improving services of general interest and they are a key element of the European social model. A lack of such services has negative consequences for citizens, for jobs and for the quality of the local environment.

5.3. The quality of the available services of general interest must be guaranteed. The aim should be a productive, efficient public sector which combines user participation, economic viability and good conditions for employees while offering citizens high-quality and reasonably priced services. These aims hold good regardless of whether the public or private sector are responsible for providing such services.

5.4. Innovation and increased productivity which lead to better service, a wider choice and lower costs are necessary, while at the same time new ways should be found to meet the growing demand for services of general interest, especially new socially-oriented and environment-friendly services. This is consistent with the employment guidelines' call for optimisation of the service sector's potential for job creation.

#### **6. Employment**

6.1. The Committee notes with satisfaction that full employment was fixed as a goal at the Lisbon Summit.

6.2. In order to achieve this goal, increased coordination of and coherence between all the processes are needed within the framework of the Lisbon strategy which is now the policy focus. Here the Committee would stress the importance of defining comparable indicators for the purpose of assessing employment trends.

<sup>(1)</sup> COM(1999) 61 final. Economic and structural reform in the EU (Cardiff II).



It is not sufficient, however, for Member States to seek only to reduce unemployment. They should also have as an objective an increase in overall employment levels, so as to achieve the average employment rates set out in 6.9.

6.3. The Committee calls for coordination to be established so as to generate synergies between independent actors, along the lines of the ECB in conducting monetary policy and the social partners in the framing of pay policy. Such coordination promotes better understanding of the respective aims and constraints of the various protagonists in economic policy.

A sustainable anti-cyclical budgetary policy, without compromising the medium-term balance of public finances, is necessary. With this in mind, the Committee feels that it is vital to pursue efforts to ensure sustainable public finances in the context of the growth and stability pact while taking care to ensure optimum structuring of public consumption and investment spending.

6.4. The ESC supports regular macro economic dialogue, involving the Finance Ministers and the ECB President, in order to help ensure that the economic climate is conducive to the need for social cohesion and that the social partners shoulder their responsibility for a job-oriented wages policy which promotes investment. Such dialogue is necessary to raise the citizens' trust in the euro as well as to face unforeseen risks that may cause economic instability and social problems. Whilst macro-economic dialogue and coordinated financial policy are needed in order to sustain economic growth, national diversity should be taken into consideration, and the choice of the actual measures of economic and fiscal policy should lie with Member States, within a coherent overall strategy.

6.5. The ESC would draw attention to the major ties which inextricably interlink macro-economic and structural policies. Efforts must therefore be made to achieve a policy mix, i.e. a coherent mix of macro-economic and structural measures tailored closely to the desired growth and employment objectives.

Such a policy mix must not be confined to macro-economic and structural policies but this permanent fine-tuning must also operate within each of the two policies. In other words, the best possible balance must be sought between monetary policy, budgetary policy and pay policy, which combine to constitute macro-economic policy. Similarly, technological innovation, research, competition, labour market, infrastructure and other reforms must all focus on the two core elements of structural policy.

6.6. The Committee notes that the High Level Forum organised in June 2000 was not considered a success. The Forum should be organised with greater attention to operational details and take place after the publication of the synthesis report and before the spring Summit in order to be more useful for all concerned.

6.7. The Committee urges Member State governments to build up close co-operation with the social partners in order to discuss and implement the Employment Strategy. To ensure the strategy's success, the social partners should, entirely independently, define their contribution in practical terms, to be heeded by governments.

The Committee calls on the Member States to invest substantially in knowledge and education since this is vital for the employment strategy's success. This point is reiterated in several ESC opinions<sup>(1)</sup>.

The Committee is pleased to see that the Education Ministers have also been involved in the debate on the employment guidelines.

The Committee expects the Stockholm Summit to take a further step towards achieving an across-the-board 'knowledge leap' among the population at large.

6.8. The Committee suggests that the development towards an ageing European population and the need for quality of work should be particularly addressed by the employment strategy over the next years. In this context, the Committee notes that the demographic trend towards an ageing population, which can generate higher savings, must be channelled into investments in human resources, R&D and new knowledge technologies to bridge gaps in skills, age and gender participation rates, as well as between different groups and regions.

6.9. The major challenge will be to increase the average employment rates of all Member States so that the overall goals (60 % for women and 70 % for men) can be attained. This increase must be accompanied by appropriate measures to achieve social cohesion. In order to tackle this, the whole of organised civil society is needed.

6.10. In the Committee's view, this means that measures must be taken as part of a tax and incentive system designed to promote employment to:

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<sup>(1)</sup> OJ C 14, 16.1.2001. New knowledge, new jobs. OJ C 117, 26.4.2000, p. 62. Employment, economic reforms and social cohesion. The European dimension of education: its nature, content and prospects. OJ C 168, 16.6.2000, p. 30. European cooperation: Quality evaluation in school education.

- increase older workers' participation in work: the Committee reiterates its proposal<sup>(1)</sup> for a Europe-wide information campaign to foster awareness of the role older workers can play, in addition to a social dialogue which could reinforce existing employment guidelines;
- achieve a higher female employment rate based on improved possibilities for combining family and working life. Organising care of children and of other non-working members of the household is a key factor, along with opportunities for switching careers, the introduction of new forms of working arrangements and achieving economic independence for women;
- integrate vulnerable groups into the labour market. Support policies involving the whole of organised civil society are needed to promote 'pathways' for all disadvantaged persons so as to avoid the poverty trap;
- promote equal opportunities and treatment of people with disabilities, on the labour market and in all employment-related areas (internal market, information society, etc.);
- improve the situation of third country nationals and other immigrants resident in the EU to enable them to find a job on the open labour market and receive proper social protection and basic rights;
- reconsider immigration policies from all aspects with a view to controlled immigration beneficial to both the EU and the country of origin concerned. The Committee is in the process of exploring this matter, along with policy on refugees, but would stress that the latter must be dealt with separately from general immigration policy.

6.11. The Committee considers that the Stockholm Council should be the launching pad for new initiatives to improve working life, for instance:

- improving educational standards through launching a Europe-wide campaign for lifelong learning which involves not only enterprises but also all players active in both formal and non-formal education and training. At the same time ways should be found of making fuller use of the knowhow already existing in the workforce;

- improving health and safety in the workplace by realising the commitment to a new programme provided for in the Social Agenda;
- making sure that the employment promotion policy and structural reforms on the labour market generate meaningful jobs and well defined forms of employment;
- introducing measures which stimulate innovative ways of organising work, good management and flexible workingtime arrangements that meet the needs both of enterprises and workers. Career changes and mobility must be encouraged;
- special consideration of ways to improve the situation of women and other groups that are paid less and have less access to career developments.

## 7. **Legislation on employment issues and social protection**

7.1. Pending EU legislation on social and employment matters should be reviewed, in order to strike a balance between legislative and non-legislative measures, in close cooperation with the social partners but also, where appropriate, with other socio-economic organisations concerned.

7.2. The Committee notes with satisfaction the establishment of the Social Protection Committee and its current focus on pensions and social exclusion. It also observes that the Social Protection Committee has two further tasks: aspects connected with ensuring that it is more profitable to work than not to work, and a sustainable health care system.

7.3. The viability of the pension system is inextricably linked to long-term sustainable economic development, irrespective of the way in which the pension insurance scheme is organised — public, collective or mutual schemes, supplementary pensions or private personal pensions.

7.4. The financial markets are fuelled by an increase in pension funds: on an individual basis, mutual and as an outcome of agreements between employees and employers. As funded pensions comprise withheld income, the beneficiaries' representatives should have influence over placement of the funds, provided that this does not have a detrimental impact on the beneficiaries returns. The Committee suggests that guidelines on the placement of pension funds should be established, either through agreements between social partners, or by codes of good conduct for the funds, aiming at long term growth and sustainability.

<sup>(1)</sup> OJ C 14, 16.1.2001; Older workers, points 5.3 and 5.5. OJ C 14, 16.1.2001; Employment guidelines 2001.

The Social Protection Committee should therefore also be assigned the task of examining developments in supplementary pension schemes, in close cooperation with the social partners.

Workers' mobility should not be impeded by differences between occupational pension schemes<sup>(1)</sup>.

7.5. The Social Protection Committee should also urgently look into systems of social protection that combine flexibility and security, with particular emphasis on identifying good practice and potential solutions in this sphere.

7.6. Another area in which the Member States have committed themselves to modernise social protection is the provision of quality health services.

7.7. As regards the right of equal access to health care, the Committee considers that statutory and supplementary schemes can be combined, as long as both are based on the principle that this right is a universal service and that risk selection or genetic data must not be used for discriminatory insurance purposes. As pointed out in earlier opinions<sup>(2)</sup>, the Committee considers that guidelines are preferable to legislation in such an obviously complex area. The aim is that the Member States, in consultation and negotiation with private insurers, should determine contractual specifications, to serve as code of practice.

## 8. The role of the enterprise

8.1. The enterprise should be seen as an economic actor that promotes social cohesion. Member States should therefore further the culture of entrepreneurship in all sections of society.

8.2. Efforts aimed at facilitating the creation and transfer of enterprises are key factors in increasing the employment rate. Improved framework conditions for small enterprises and simplified administrative rules are of utmost importance to exploit new areas of growth and employment, especially in the service sector. The Committee reiterates its proposal<sup>(3)</sup> that the 'European Charter for small enterprises' should become the benchmarking reference for progress.

8.3. It is important to ensure great diversity in entrepreneurship and not only focus on innovative and 'high tech' sectors. Most enterprises are small, local and labour-intensive, particularly in the service sector. There is a strong growth in new forms of enterprise, not least involving full time or part time self-employment and enterprises founded by non-traditional business creators, for instance women, young people and minority groups. Appropriate support structures are needed. Proper social protection of workers in the new forms of enterprise (both owners and employees) must also be found.

8.4. An important condition to foster a culture of entrepreneurship in all sections of society is the development of a culture of independence and responsibility at the workplace. Business creators come generally from employed work. Upgrading quality of work and greater participation of employees in defining work are prerequisites for creating such a culture of independence.

8.5. Worker ownership in different forms can also help strengthen enterprise culture as well as promoting social cohesion while upgrading quality of work. The Commission should follow up the Pepper reports by examining different models as a basis for exchange of good practice.

8.6. The social economy has an important role as model for enterprise with social and mutual aims, based on co-participation and targeting persons and their needs.

8.7. As most enterprises develop primarily at grass-roots level, the territorial dimension of the Employment Strategy should be more clearly highlighted. The Committee suggests that the EU Commission's proposed action plan for 2001 place strong focus on new and small enterprises and on the creation of 'skills development and innovation partnerships' between different actors (small and large enterprises, trade unions, social economy, NGOs, local authorities, public service providers)<sup>(3)</sup> to boost competitiveness. The Territorial Employment Pacts and similar local action plans could serve as models for successful local partnership.

8.8. Now that the European Company Statute and the related directive have been approved, corresponding provisions must be speedily adopted for cooperative firms, voluntary organisations and mutual societies.

<sup>(1)</sup> OJ C 157, 25.5.1998; Supplementary pension rights of persons moving within the EU.

<sup>(2)</sup> OJ C 204, 18.7.2000, section 3, point C, Supplementary health insurance.

<sup>(3)</sup> OJ C 14, 16.1.2001.

8.9. The conclusions of Lisbon made a special appeal to companies' corporate sense of social responsibility, and a follow up is proposed in the Social Agenda.

8.10. In addition to the regulations introduced by the social partners or by lawmaking bodies, the Committee advocates that businesses assume social responsibility by taking account of the interests of all stakeholders. It feels that industry and commerce should strive for legitimacy by stating a long term commitment to society and sustainable development by promoting good practice in terms of integration in the local environment, in-depth social dialogue, attempts to achieve equality and equal treatment, integration of minorities, financing micro-enterprises, etc. Here, for instance, the recently adopted OECD guidelines for multinational companies, which encompass non-binding ethical, social and environmental commitments can serve as model.

## 9. Internal market rules should be simplified

9.1. The Lisbon Summit made commitments to complete the internal market so as to satisfy the interests of business and consumers.

9.2. The Committee recognises the urgent need to set in train a new simplification policy in order to ensure the proper functioning of the Single Market.

The Committee is in favour of framing rules in a balanced way, avoiding the introduction of new constraints which are out of proportion to the objective being pursued, yet at the same time taking care not to compromise the quality of goods or services. The Committee has itself undertaken to introduce a proposal for a code of good conduct for the EU players in the regulatory process.

9.3. Against this background, the Committee urges the European Council to adopt, by 2001, a multiannual simplification programme for the period up to 2005, setting out priorities and a timetable for action including resources for follow-up, monitoring and drawing up annual reports and scoreboards.

9.4. The multiannual plan should, among other things, make provision for:

- more effective use of impact statements;
- alternative courses of action such as codes of conduct, contractual arrangements as well as greater use of labels, certification and other self-regulation procedures involving enterprises, trade unions and consumers in the process.

9.5. The Committee also calls on the Council to propose special measures aiming to ensure that the single market also has a positive impact on the permanent specific problems of the disadvantaged islands and rural areas and on the outlying EU regions<sup>(1)</sup>.

## 10. Financial markets and services should contribute to social cohesion

10.1. The Committee is in favour of rules that integrate the fragmented financial and banking markets in the EU but which take account of the interests of all major stakeholders (consumers, savers, enterprises and investors).

10.2. Financial markets and financial services should not only contribute to economic performance but also to social cohesion.

10.3. There is concern for that the development of financial markets and financial services will lead to exclusion of citizens with limited resources, peripheral regions and small enterprises. Against this background there should be an EU drive to ascertain how, without compromising banking secrecy, banks, insurance companies and other providers of financial services could be required to disclose how their services are distributed according to social and regional criteria.

10.4. The Committee considers that, subject to normal banking criteria,

- citizens should have the access right to a basic bank account and basic quality financial services that serve their needs including accessible consumer credit, protection from usury and other forms of exploitation as well as the possibility to save for ethical, social or ecological purposes;
- small enterprises should have access to credits.

In order to fulfil these commitments, financial institutions can make use of intermediaries that are set up by a small enterprise or citizens themselves.

<sup>(1)</sup> Articles 158 and 299 of the EU Treaty.



## 11. Research and innovation

11.1. The ESC has endorsed in various opinions the EU commitment to proceed towards a European Area of Research and Innovation to underpin the knowledge society<sup>(1)</sup>.

11.2. To optimise research performance and use of financial resources, both coordination and decentralisation are needed. The Committee would stress the need also to make research accessible to sections of society which previously were disadvantaged.

11.3. Therefore the Committee suggests that the forthcoming 6th EU RTD programme should focus on a limited number of priorities under the direct control of the Com-

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<sup>(1)</sup> OJ C 14, 16.1.2001; New knowledge, new jobs. OJ C 117, 26.4.2000, p. 62, Employment, economic reforms and social cohesion.

mission; provide for decentralised management at national and local level of small scale projects and for small Community financial participation in national projects that are within the Community priorities<sup>(2)</sup>.

11.4. The Committee also hopes that the Stockholm Summit endorses its proposal that a few 'networks of excellence' should be set up initially on a trial basis and for a limited period. It also approves of the establishment of a network of strategic intelligence systems for science and technology so as to disseminate results and organise exchanges<sup>(3)</sup>.

11.5. Finally, the Committee supports the setting up of an agency for information technology to promote a competitive European information society.

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<sup>(2)</sup> OJ C 367, 20.12.2000; Follow-up, evaluation and optimisation of the economic and social impact of RTD: from the Fifth Framework Programme towards the Sixth Framework Programme.

<sup>(3)</sup> OJ C 14, 16.1.2001; New knowledge, new jobs. OJ C 204, 18.7.2000, p. 70; Towards a European research area.

Brussels, 28 February 2001.

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