

# Combating inequalities as a lever to boost job creation and growth

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The Committee on Employment and Social Affairs adopted the own-initiative report by Javi LÓPEZ (S&D, ES) on combating inequalities as a lever to boost job creation and growth.

Equality and fairness are a cornerstone for the European social model, the EU and its Member States. The objectives of both the Member States and the EU include the promotion of employment, with a view to lasting high employment and combating exclusion.

Inequality and unemployment curtail effective demand, frustrate innovation, and can lead to increased financial fragility. Combating inequalities can be a lever to boost job creation and growth and at the same time reduce poverty.

**European policy coordination to combat inequality:** Members affirmed that inequalities threaten the future of the European project. They emphasised the reduction of inequalities must be one of the main priorities at the European level, not only in order to tackle poverty or promote convergence, but also as the precondition for economic recovery, decent job creation, social cohesion and shared prosperity.

The Commission and the Member States are asked to **evaluate the performance and outcomes of economic policy coordination**, taking into account the evolution of social progress and social justice in the EU. Members observed that the **European Semester has not prioritised** the achievement of these aims and the reduction of inequalities.

Against this background, Members urged the Commission to:

- improve the process of policy coordination in order to better monitor, prevent and correct negative trends that could increase inequalities and weaken social progress;
- present to Parliament and to the Council by mid-2018 an analysis and comparison of the impact and results achieved by the country specific recommendations and the measures taken within the scope of the European Semester and under different EU programmes for overcoming the inequalities resulting from the economic crisis;
- outline further policy recommendations for combating inequalities;
- establish an accurate and up-to-date picture of the differences in income and wealth, social cohesion and social inclusion between and within countries,
- promote **ambitious investment** in social protection, services and infrastructures by Member States through a more targeted and strategic use of the European Structural and Investment Funds and the European Fund for Strategic Investments, in order to respond to the social and economic needs of Member States and regions;
- put forward a concrete 'Roadmap completing the Social Dimension of the EMU';
- work with Member States to develop comprehensive strategies for job creation, entrepreneurship and innovation, aiming for strategic investment in green jobs, in the social, health and care sectors, and in the social economy, whose employment potential is untapped;
- **propose a higher funding level for the Youth Employment Initiative (YEI)** for the period 2017-2020, to at least **EUR 21 billion**, including better reaching young people under 30;
- contribute to better implementation of the **Youth Guarantee**.

**Improving working and living conditions:** the Commission and the Member States are called on to improve working and living conditions and to step up their efforts to fight the shadow economy and **undeclared work**. Members urged them to explore the possibility of establishing a **European unemployment insurance scheme**, complementing current national unemployment benefit systems and to promote **fairer wage scales**.

**Strengthening the welfare state and social protection:** the report encouraged the Member States to improve their welfare systems (education, health, housing, pensions and transfers) on a basis of high-level social safeguards, in order to achieve comprehensive protection of people, taking into account the new social risks and vulnerable groups that have appeared as a result of the financial, economic and then social crises with which the Member States have had to cope. Investment in quality and affordable early childhood education and care services should be strengthened as this is key for combating inequalities in the long term.

Members called for:

- a European framework in line with the related ILO recommendation, outlining a **social protection floor** guaranteeing universal access to healthcare, basic income security, access and support for education;
- universal access to affordable housing, protecting vulnerable households against eviction and over-indebtedness;
- swift action on the current **migration and refugee crisis** and guarantee that refugees have access to rapid language and culture learning processes, training, quality housing, healthcare, education, labour market and social protection and recognition of formal and non-formal skills and capabilities, and to ensure their inclusion in society;
- support in strengthening public and occupational **pension systems** to provide an adequate retirement income above the poverty threshold;
- **care credits** in pension systems to compensate for lost contributions of women and men due to childcare and long-term care responsibilities, as a tool to reduce the gender pension gap;
- the swift adoption of the [directive](#) on gender balance among non-executive directors of listed companies, as an important first step towards equal representation in both public and private sectors.

Lastly, as regards the **modernisation of tax systems**, objective taxation policies are crucial and that many Member States need a deep tax reform. Real actions against tax avoidance and tax fraud are needed, as an important means of reducing economic inequalities and improving the collection of tax revenues in Member States.

Reforms should also tackle corruption in public administration and tackle wealth inequality, including by redistributing the excessive concentration of wealth. Further coordination, approximation and harmonisation of tax policy, as well as measures against tax havens, tax fraud and evasion are called for.