



The Labour Market in Spain: Problems, Challenges and Future Trends

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Spain's economy was hit particularly hard by the financial crisis. After severe austerity measures have been implemented in recent years to contain a strong public debt increase, first signs of economic recovery are emerging. However, as SIM Europe results show, very few measures to soften the social consequences have been enacted. Spain scores second to last in the 'Labour Market Access' dimension of the Social Justice Index 2015, with the greatest deterioration among all EU countries compared to 2008. According to the Reform Barometer 2015, the quality of labour market reforms in Spain ranks last in the EU. With economic recovery gaining momentum, high priority should be given to ameliorating labour market access through higher education improvements, professional training, investments into R&D and promotion of high added-value industries.

Executive summary

Despite a need for measures to ameliorate the impact of the labour market crisis, Spain is among the EU countries to have introduced the least number of improvements in recent years. On top of that, the severe structural reforms implemented have

considerably worsened labour market access in the country, particularly for the most vulnerable groups, such as young people.

The lack of accompanying measures to soften the effects of economic adjustment has worsened the position among the workforce and the unemployed alike. The immediate effect has been to accentuate

the social divide. The impact was of such magnitude that, of all EU member states, Spain has experienced the greatest damage in labour market access.

The productive model in Spain has not changed, despite the severity of the crisis. Programs for improving higher education, professional training, mobility or R+D would facilitate a change in the productive model, based on high value-added industry, and thus stimulate a possible recovery in production and in the labour situation.

1. Brief introduction to the Spanish labour market

Spain's economic recovery since 2014, backed by government austerity policies aligned with Brussels directives, has translated into a slight improvement in labour market access. However, despite a positive macroeconomic outlook that is above the European average – GDP growth of 3.1% in Q2 2015 (Figure 3) – the labour market continues to represent Spain's main structural problem, a barrier that hinders inclusive and cohesive socioeconomic development.

Unemployment has fallen from a record high of 27%, at the start of 2013, to 24.6% in mid-2015, a moderate improvement compared to its pre-financial crisis level (11.3% in 2008).

The labour market still lacks the absorption capacity needed to translate GDP growth improvement into substantial improvement of indicators for activity and quality in the labour market. The 2012 labour reform (Royal Decree 3/2012) introduced flexibility to a traditionally rigid job market.

The policies adopted focused on a wage freeze as part of an economic package, geared to an internal devaluation to drive productivity gains and thus increase economic competitiveness. In addition, private temporary contractors were reinforced to act as employment agencies, tax benefits incentivized companies to hiring (particularly from groups most affected by unemployment, such as young people and women), and a new permanent contract with tax benefits for SMEs was introduced.

It is still premature to conclude that labour reforms had a decisive role in improving unemployment data because of the logical correlation between the effect of

FIGURE 1: Overview of SIM Europe Results

SIM EUROPE RESULTS		COUNTRY: SPAIN		DIMENSION: LABOUR MARKET ACCESS	
SOCIAL JUSTICE INDEX 2015		Score (Rank)	REFORM BAROMETER 2015*		
			Reform Quality (Rank)		
Labour Market Access Total Score		3.68 (27/28)	Reform Need	8/8 policy objectives	
			Reform Activity	2/8 policy objectives	
			Average Reform Quality		
INDICATORS			POLICY OBJECTIVES		
Employment rate		3.74 (25/28)	Increase employment rate		
Older employment		5.83 (19/28)	Transparent and fair wage structure	no reforms	
Foreign-born-to-native-employment rate		7.78 (14/28)	Transparent and fair hiring procedures	no reforms	
Employment rates by gender women/men		6.48 (19/28)	Transparent and fair career progression procedures	no reforms	
Unemployment rate		1.00 (27/28)	Reduce separation of primary and secondary job market segments		
Long-term unemployment		1.00 (27/28)	Representation and participation of employees at work	no reforms	
Youth unemployment		1.00 (27/28)	Balanced unemployment benefits	no reforms	
Low-skilled unemployment		1.00 (27/28)	Active labour market policies (retrainings)	no reforms	
Main reason for temporary employment: couldn't get permanent job		1.77 (27/28)			
In-work poverty		3.78 (26/28)			
Low Pay Incidence		7.16 (8/28)			

* Reform Barometer results are based on an EU-wide assessment by 139 social policy experts, including 10 respondents for Spain.

** Responses available for 23 countries; 13 countries with sufficient data for quantitative evaluation; 9 countries with labour market reforms.

Source: Social Inclusion Monitor (SIM) Europe

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economic growth over the activity rate (from 2014 to 2015, employment only rose from 54.8% to 56%, while at a time of clear economic recovery, GDP increased from 1.4% to 3.1%).

The employment rate improvement is also explained by the emigration drainage effect (net loss of economically active population) and by young people delaying entry to the labour market by extending their time as students.

Of all population groups, young people are worst affected by difficulties in accessing the labour market, an issue that is now one of the most pressing problems in the Spanish economy. Standing at 53.2%, youth unemployment is the worst in the EU, worse even than in Greece. As a result, young people have little choice other than to prolong their education, enter a precarious short-term labour market or emigrate.

The dual market social divide has consolidated, exemplified by a stable labour market comprising long-term employment contracts with extensive social security and a separate highly precarious temporary job market, offering few social benefits and affecting 35%–40% of the working population, according to the SGI country report on Spain by Molina, Homs and Colino (2015). This obstacle-strewn situation is a source of social injustice. Even the rate of working poor (a measure of poverty among those in jobs) has deteriorated in the midst of an economic recovery, with this poverty rate up from 8.7% in 2014 to 10.2% in 2015, which reflects increased instability in an unequal job market.

Furthermore, long-term unemployment represents another major structural problem, with increasing difficulty apparent in recycling the unemployed into new jobs. The long-term unemployment rate of 2% in 2008 rose to 13% in 2014, and has remained practically unchanged in 2015 (12.9%), evidence of the labour market's difficulty with reinserting the long-term unemployed.

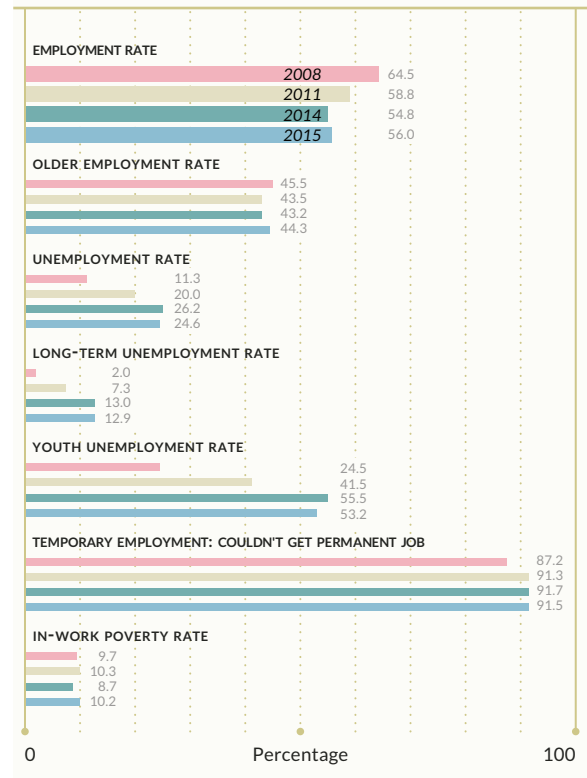
The political response in terms of labour market reform has been insufficient and ineffective. According to SIM Europe Reform Barometer data, there is a strong need to introduce social inclusion policies focused on improving the labour market; the application of which is presently deficient (Figure 1). Apart from limited application of reforms, their low level of success, as assessed by the Reform Barometer's respondents, is also noteworthy.

The Spanish government has focused on stabilizing the macroeconomic framework, in line with European Commission demands, putting this target ahead of job creation or improvement in quality of employment. While both objectives (economic stabilization and job

creation) should complement one another, the reality is that this has not been the case.

Austerity policies and the internal devaluation strategy mentioned above have increased the economy's competitiveness, reflected in improved productivity and exports. Yet it has also contributed to deterioration

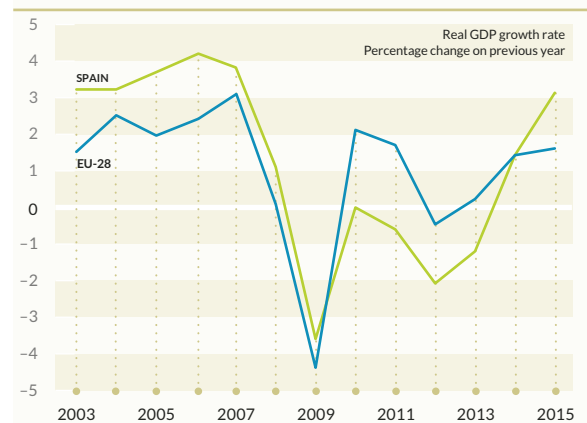
FIGURE 2: The labour market in Spain: key indicators



Source: Social Justice Index (SJI), 2015

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FIGURE 3: Growth of Spain's GDP in comparison to the EU's



Source: Eurostat and National Statistics Institute

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in the labour market, as seen in the increase in poverty, risk of social exclusion and growing inequality in the dual employment market (Figure 2).

Cutbacks have also had a directly negative impact on the labour market. There have been decreases in budget appropriations of up to 50% in respect of economically active employment policies. Moreover, 50% of budget allocations are for employer incentives rather than professional training or learning new skills (Arpe, Milio and Stuchlik 2015: 52).

Spain also has a high level of illicit work – the underground economy, estimated at some 20%, which explains the coexistence of a dual market without signs of extreme social division. However, labour and tax policies have not been effective in curbing the informal economy and integrating it into the labour market, which distorts and complicates its regulation.

2. Main challenges in the labour market

The three main and most urgent challenges for Spain's labour market are:

- i. reducing youth unemployment;
- ii. re-balancing job market duality by improving job security; and
- iii. resolving long-term unemployment.

Youth unemployment, the lost generation

Youth unemployment in Spain has become a major structural problem for the labour market, affecting more than one million young people between 16 and 24 years of age, referred to as 'the lost generation'. The rate continues to stand above 50%, despite the economic recovery, although it has decreased slightly by some two percentage points in the last year (from 55.5% in 2014 to 53.2% in 2015).

The failure of absorption capacity for youngsters entering the job market is mainly due to four factors:

(1) The outdated education system does not match its curriculum to existing market demand. A high rate of high school academic failure, one of the most alarming in Europe (60% of unemployed youth have not completed high school), is the outcome of a school system focused on results rather than on motivational and creative learning.

(2) The education system is polarized between a cadre of highly trained youth on the one hand and young people with very little work experience acquired during on the job training on the other hand. In Spain, only 33.3% of higher education graduates hold qualifications from vocational training, far below the rate in the Netherlands (77.5%) or Germany (45%) (OECD 2014).

There is also a need to improve dual training by reinforcing the link between the educational system and businesses (at the level of vocational training and university). This is one of the main challenges if youth unemployment is to be reduced (in Spain only 2% of vocational training is dual).

(3) The elasticity of the Spanish economy's productive structure, which in the financial crisis was focused on sectors like construction that offered little added value, had a severe impact with the destruction of millions of jobs for young people.

(4) Labour regulation has fostered the duality of the job market especially for young people, who have difficulties accessing long-term employment contracts (more than 40% fail to find one after two years of searching, compared with 10% in Germany or 25% in France) normalizing the temporary and poorly paid nature of such short term contracts.

Duality of the labour market, consolidation of the precariat (those in constantly changing temporary work)

Strong segmentation is one of the structural and cyclical problems characterizing the Spanish labour market. On the one hand, long-term contracted employees enjoy job security and significant social benefits, coexisting on the other hand with short term employees on limited social security and high seasonality. The increase in this second group, which above all comprises young people, those with less training, and women, together with a deterioration in working conditions, has fed job insecurity (35% of employees overall have a temporary contract with no social protection).

Temporary employment grew by 24.6% in 2014, despite the labour reform, which also influenced, together with the economic recovery, the creation of jobs with long-term contracts (19% increase in 2014). Nevertheless, the high level of temporary contracting is influenced by economic uncertainty and the country's productive structure, reflected in the fact that more than half of all temporary contracts last for less than three months.

The flexibility introduced by labour reform has helped make contracting more dynamic through the introduction of incentives for employers and simplification of all types of contracts. However, a salary freeze, as part of a strategy of internal devaluation and thus improved competitiveness, together with the high seasonal nature of the productive structure, have worsened job security and social cohesion.

The labour market duality opens a social divide that exacerbates inequality and puts at risk those at work but in a poverty situation, as seen in the rate of working poor, which has deteriorated in the midst of an economic recovery and job creation (figure 2).

Long-term unemployment, the path to poverty

Long-term unemployment is another significant structural problem in the Spanish labour market. Dramatically affected by the severity and duration of the crisis, the percentage of the working population that is receiving long-term unemployment benefits is practically unchanged, and remains at about 13% (Figure 2). Half of the unemployed population has been out of work for a period of 12 months and the number of people unemployed for longer (two or more years) now totals 2.4 million, or 35% of all those out of work.

The few opportunities that exist for the unemployed to find a new job are diminished because of their obsolete training and skills and because the market has limited capacity to recycle and reinsert the long-term unemployed. This is particularly alarming for people over the age of 50, where the unemployment rate is 15 percentage points above the average and growing.

The persistence of long-term unemployment has a direct impact on poverty and social exclusion. The direct path to poverty begins when unemployment benefits, capped at a maximum of two years, run out. The risk and exclusion level for families is denoted by the association between the amount and duration of benefit, in turn dependent on high social security contributions, for those in work over several years (15.7% of families were unemployed in 2013). Even though the Government introduced a measure extending to six months the long-term unemployed subsidy for persons whose cover has run out, this group now risks poverty and material deprivation, and a consequent deterioration in physical and mental health.

The increase in long-term unemployment subsidies aims to mitigate the risk of poverty, but it also entails an opportunity cost. The State budget for active job creation policies is restricted by the high financial cost of the unemployment subsidy. This in turn generates tension between risk of poverty prevention policies and those favoring active employment search and economic recovery. OECD data for 2010 (OECD 2012: Statistical Annex), says that the cost of employment policies amounted to 4% of GDP, of which only 0.9% relate to the cost of active policies (8th in the EU) and 3.1% to the cost of passive policies (1st in the EU).

3. The Spanish government's limited (re)action to underlying problems

So as to develop a more competitive economy and to achieve high levels of educational excellence, the Partido Popular (PP) government, has legislated in two fields (labour market access and education) where two

laws reform the structure of the Spanish system: Royal Decree-law 3/2012, of 10 February, on urgent measures for labour market reform; and Organic Law 8/2013, of 9 December, for improving educational quality (Ley Orgánica 8/2013, de 9 de diciembre, para la mejora de la calidad educativa) (LOMCE). Although these two laws were approved during the toughest years of the crisis (2011-2013), they were not supported by a majority of the opposition (only CiU, UPyD and FAC voted in favour of labour reform and only UPyD, FAC and UPN never threatened to repeal the LOMCE after its enactment).

Transition to the labour market: problems of appropriateness in the education system

LOMCE appears to have earned high praise from the experts who responded to the Reform Barometer pilot survey, because “mobility in training, preschool education and the acquisition of basic skills are perceived as a success”. However, the education reform law was meant to increase the quality of education (with arguable results) at the expense of equal opportunities in educational access. Austerity cuts applied to the education budget have meant a decrease in spending since 2011 which currently is only 5.6% of GDP, compared to the OECD average of 6.3%.

In the SIM Europe Social Justice Index educational assessment, Spain is on an upward trend, scoring 5.27 in a range of 1 to 10, and ranked 20th among the 28 EU Member States. This is below average (5.97) and just above countries like Italy, Ireland, Romania, Bulgaria, Portugal, Malta, Slovakia and Greece. Working toward social cohesion through education would consist of improving the results across all indicators of the Social Justice Index: the number of higher education graduates, employability rate of graduates, mobility during training, reduction in school dropout rate, insistence on continuing education and improvement of key skills.

As shown in Molina, Homs and Colino (2015), Spain's educational problems relate to equality as well as quality, particularly regarding access to preschool education, socioeconomic differences as a factor in educational access and school dropouts. Spain does not have a good PISA score, even though the Social Justice Index 2015 report, socioeconomic factors have very little impact on the evaluation of basic skills (Schraad-Tischler 2015). Spain is ranked 8th at 1.7 points above the European average. This score indicates that, at least, equal access to studies has been guaranteed despite the quality problems, ever since the Spanish educational system was put in place.

Spain also faces another serious problem, that of premature dropout by students, which is aggravated by the number of young people not in education,

employment or training (or NEETs as they are known). In Spain, 23.6% of students drop out of school before they graduate, and it is very difficult to enroll them in other types of training. In the EU, where the European average is 10.4%, Spain has the highest dropout rate. When young people with lower qualifications are adversely affected by unemployment, it is more likely that they turn to social security and less likely that they fully participate in the democracy, and they become prone to a high risk of social exclusion. This makes it important to deal with the NEETs problem as the inequality gap between them and people with higher education is widening.

European Commission data show that 11% of Spanish adults benefit from continuing education, half a point over the European average, but participation in such educational programs is concentrated among skilled workers. Thus the Spanish Ministry of Education has developed an action plan for continuing education, with greater focus on unskilled workers. The problem, according to the SIM Europe Reform Barometer 2015 pilot report, is that funding depends on available resources and educational budget allocations have been reduced gradually since 2011, at precisely the moment the action plan was implemented (Arpe, Milio and Stuchlik 2015). Furthermore, as the autonomous communities have jurisdiction over continuing education, it is sometimes difficult to coordinate with central government.

An incomplete labour market reform

The labour market reform had a twin objective: on the one hand, to make the Spanish economy more competitive by increasing labour market flexibility; and on the other, to create jobs. Increased flexibility was accompanied by a decrease in job security and lower salaries. The labour law reform cuts costs of firing workers, prioritises company agreements ahead of collective bargaining agreements, offers tax incentives to SMEs providing a new type of long-term contract, reinforces the use of temporary contracts, promotes internships, offers bonuses for companies that hire groups affected by the crisis such as young people, restricts the number of times a temporary contract can be renewed and permits flexibility in hours worked and salaries paid.

Nevertheless, trying to resolve Spanish unemployment by focusing on the employer side and by reducing employment benefits has not been effective. According to the Social Justice Index report, Spain ranks as the second most difficult country for access to the labour market, scoring 3.7 on a scale of 1 to 10 trending downwards, only above Greece (3.23), below

the EU average (5.70), and a considerable distance from Austria, with the highest score of 7.33 (Figure 4). Additionally, Spain has a serious youth unemployment problem now standing at 55.5%, nearly 30 points below the European average (26.2%) while the employment rate for people aged 30 to 65 is 43.2%, five points below the European average. The problem is not only that employment was destroyed, but that no new jobs have been created, while those that are, are temporary posts taken by young people or vulnerable unskilled groups. This phenomenon results in the creation of a dual labour market where social inequalities are increasingly exacerbated among those who held on to their jobs during the crisis and retain their benefits and job security, and those that survive on temporary, low-wage work, for which they are often overqualified. This is seen in Social Justice Index data that show that 91.7% of Spaniards are on temporary contract because they cannot find a permanent position, against an EU average of 63.9%.

Spain ranks in second place in the EU for the highest rate of long-term unemployment (13%) where the EU average is 5.4%. With this segment of the population, governments have developed active labour market policies aimed at recycling and reinserting employees from industries in decline. However, the Reform Barometer warns that, in Spain, such policies have failed due to a lack of funds resulting from a failure by the state to raise such money because of the crisis. Furthermore, there is a problem of jurisdiction given that, while passive labour market policies (unemployment benefits) depend on the central administration, the implementation of active labour market policies is concentrated among the autonomous communities, which complicates the coordination and effectiveness of such policies.

The first step in implementing dual vocational training in Spain was taken by the Partido Popular government which enacted Royal Decree 1529/2012, on 8 November 2012. This implements the training and apprenticeship contract and establishes the bases for dual vocational training. It requires that a minimum of 33% of training hours must be at the company, a three-year maximum term, mentoring, an appraisal system, the length of the working day and an obligatory minimum wage. Implementation is in the hands of the autonomous communities that have responsibility for education and implementing training curricula.

The autonomous communities developed their respective dual vocational training models and teaching centers decide on whether to adopt the system or not, forging agreements with local firms. Since the Royal Decree came into force in 2012, the number of dual

vocational training framework contracts has grown continuously. In August 2014, 38.9% (European Commission 2014) more contracts had been finalized within that framework than in the previous year, while the number of participating firms tripled from one year to the next. In Catalonia, although a decree that regulated vocational training was approved in 2011, in June 2015 the Parliament approved the “Catalonian Law of professional training and qualification” in order to adapt the legal framework in force to dual vocational training.

4. Spain: little to teach, but plenty to learn in accessing the labour market

Austerity policy and other major structural reforms, especially in the labour market, have impacted negatively on social justice, mainly in southern European countries. Especially significant are Greece and Spain, which have the worst rates of labour market access according to the Social Justice Index report, with losses in both cases around two index points compared to pre-crisis results (Schraad-Tischler 2015). In contrast, countries like Austria, Denmark, or Germany, followed by the Nordic countries, have not only stabilized on the index despite the crisis, but in some cases shown improvements since 2008, as is the case in Germany (Figure 4).

Without doubt there are a number of structural and relevant factors, such as the impact of the crisis, lying behind the Index differences seen in member states, where some countries achieved significant declines and others remained unchanged. However, according to the Reform Barometer, a political, economic and social reforms package aimed at the weakest could mitigate negative social inclusion impacts at a time of an unresolved ongoing crisis. The Reform Barometer shows that those countries hit hardest by the crisis are also those where less effort has been made in mitigating inequalities in labour market access. At the other extreme, Scandinavian countries, least affected by the crisis, are those that have implemented the most reforms.

Many and varied initiatives have been implemented by some member states to mitigate the impact of labour market access inequalities. Nevertheless, these actions have not been standardized and the effects on social inclusion have thus not had the same consequences in all European Union countries. Some policies implemented by countries heavily affected by the crisis, particularly in the Mediterranean, have focused more on stabilizing the economy than on creating quality jobs, thereby devaluing jobs as well

as social conditions. Adopting policies that have had the desired effects elsewhere may help a country like Spain which, along with Greece, has a precarious labour situation where millions of people who would like to find a job, full-time or part-time, have no chance of doing so; where 13% of the population are registered as long-term unemployed or where nearly 9% of those in work are at risk of poverty and/or social exclusion.

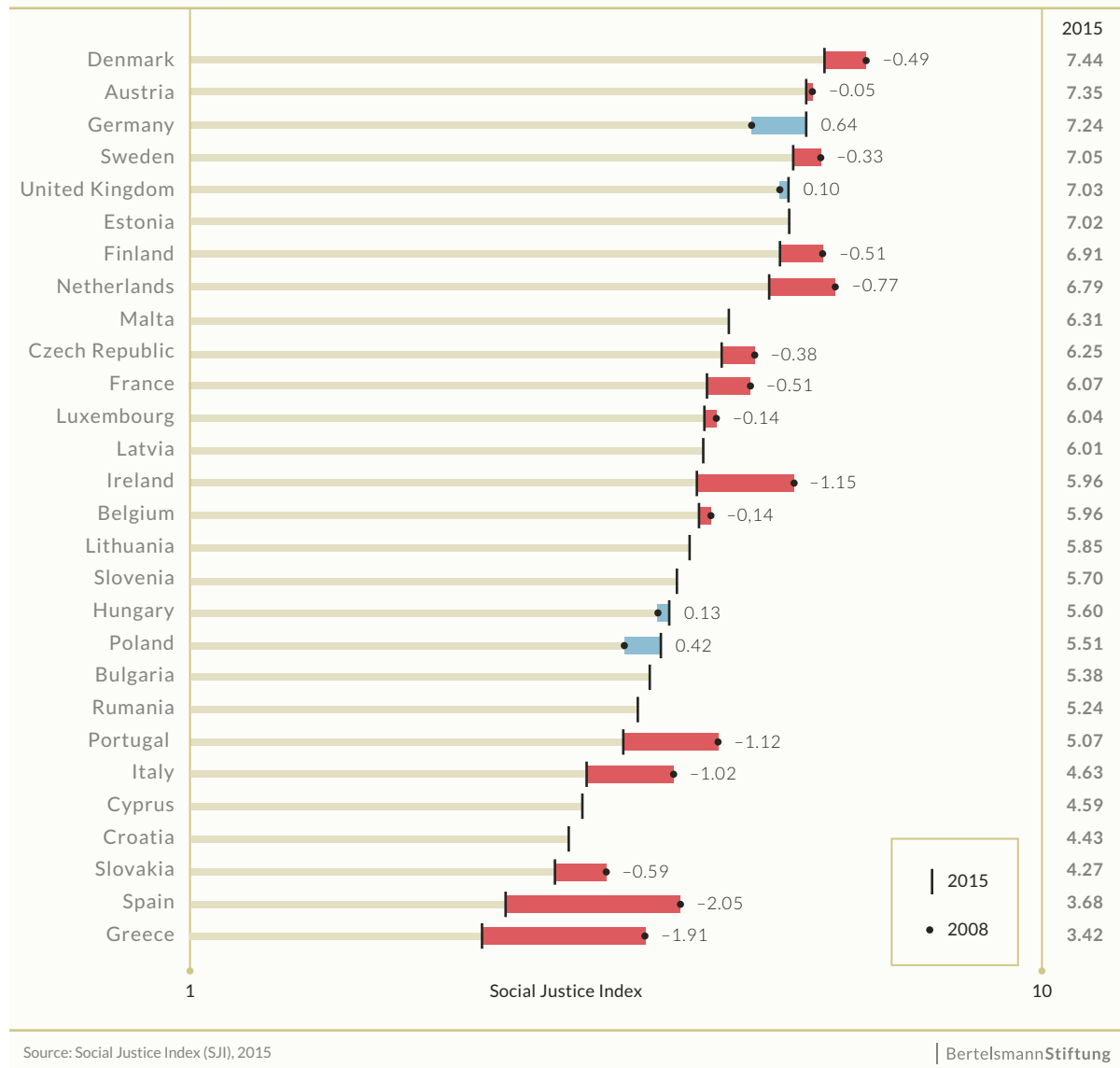
Facing the consequences of unemployment may well have been among the first actions European governments put in place. However, most of these actions seem to have had few positive effects, especially in Mediterranean or east European countries. An example of this are the policies regarding the receipt of benefits, contingent on an active search for employment, which have forced many workers to accept the first position offered or to take training courses not directly linked to their professional interests. In short, Finland excepted, in nearly all European Union countries unemployment benefit policies were tailored more to cutting social security expenditure than to stabilizing or safeguarding standards of family life.

In response to this, there is a need to put in place active employment policies that enable millions of unemployed Europeans to enter the labour market. And while most EU countries have done so, the effects have been disparate. According to the SIM Europe Reform Barometer pilot study (Arpe, Milio and Stuchlik 2015), in most southern and eastern European countries, these policies have been limited in scope, insufficiently funded to meet the real needs in high unemployment areas and too focused on incentives for employers. In view of this, countries like Germany, which has the lowest levels of long-term unemployment, have shown how to adapt their labour market to the circumstances. Dealing with structural and long-term unemployment problems, especially among poorly qualified workers, since the 2003 reform (the Hartz reform) has been key to Germany’s ongoing top ranking in the Social Justice Index.

Avoiding unemployment among seniors (aged 55 to 64) and young people also appears to be key in avoiding a decline in social inclusion of all citizens. Mediterranean countries have the worst employment levels among young people, and for this group they also have the highest poverty levels in the European Union mainly due to a lack of access to education and the labour market. Despite policies introduced by different governments, few have had positive consequences on these especially vulnerable groups.

Countries like Germany have been able to reduce unemployment among the most vulnerable groups through policies geared to this group’s entry and

FIGURE 4: Labour market access: Social Justice Index (SJI 2008/2015)



stabilisation in the labour market. Success has depended on the following key actions:

- » responsibly supporting the country's main labour players (unions and business owners);
- » a dual vocational training system;
- » benefits for short-term employees; and
- » instruments for the evaluation and redesign of policies that have sought to adapt to real needs and to address groups that are most in need.

An example of the latter was the agreement on a legally established minimum wage adapted to the cost of living throughout the country which offsets the negative impact of some of these policies, such as the increase in the dual market (low wages, temporary nature of contracts, few social benefits).

Austria's successful model also deserves attention. This country has been able to hold its high rank thanks to

- » social collaboration between the Austrian Trade Union Federation (Österreichischer Gewerkschaftsbund) and national Chambers of Commerce;
- » an active role by the Public Employment Service; and
- » a vocational education system in which young people receive professional training whilst still in school.

Another major consequence of the crisis has been the cut in wages for first time hires as well as for those already in the labour market. Many EU countries introduced significant wage cuts, which have impacted

the social conditions of millions of workers. Those countries with extensive experience of this phenomenon – Germany or the United Kingdom – have been implementing initiatives to tackle the problem via tax benefits, direct wage subsidies or a statutory minimum wage, replacing collective bargaining, in accordance with current living standards. The United Kingdom for example created an independent public body, the Low Pay Commission, to advise the government on the national minimum wage.

Further variables that explain inequalities in labour market access are the advantages and disadvantages characterizing certain groups (based on age, gender, sexuality or race) seeking access to an employment contract. In this regard, discriminatory practices vary greatly from one member state to another. While across most of the 28 states studied, governments have put in place policies to try to lessen the effect of arbitrariness in contracted employment, it is true that not much has been done concerning widespread typical employer practices. Ireland has achieved major advances through a global equality policy and significant structural reforms. Within this framework, in 2014, the Irish government created an independent public body, the Equality Authority and Human Rights Commission, aimed at protecting and promoting equality in the law, in policy as well as in practice.

5. Some final notes. Tackling the future challenge

Despite its need to implement measures to deal with the effects of the crisis on its labour market, Spain is among those that have implemented the lowest number of policies during this period. Even worse, severe structural reforms have caused labour market access problems to be taken to the extreme, and specifically among the most vulnerable groups, such as young people.

The lack of accompanying measures to cushion the impact of economic adjustment has further hindered the situation for workers and the unemployed. The immediate effect has been to exacerbate the social divide. The impact has been of such magnitude that Spain is now ranked as the EU country that experienced the greatest damage in labour market access.

In confronting these challenges, Spain should assume structural reforms focused on making its labour market more dynamic. It should begin with the modernisation of its economic and productive structure. To create conditions for improved labour market access, the main future challenges involve:

- » Decreasing the seasonal nature in traditional sectors, such as construction or tourism, which combine a large part of temporary and insecure work.
- » Promoting high added-value sectors that have the capacity to create qualified employment (technology, services, renewable energy, the environment, biotechnology, social economy, etc.).
- » Linking and mediating policies that attract direct foreign investment and promoting foreign trade (key factors in economic recovery) to high value-added sectors that are permeable in relocating destroyed jobs toward export-oriented industrial sectors and services .
- » Promoting investment in active innovation policies: R+D, education and dual vocational training and technological infrastructures, focused on construction of a national innovation system with a consensual long-term strategy.
- » Redirecting investment toward active dual vocational training policies that reinforce the link between education and the company, in order to combat the imbalance between market supply and demand.
- » Facilitating entrepreneurialism (self-employment) as an alternative and incentivize the creation of new added-value jobs (self-employed professionals), with special emphasis on young people, women and the long-term unemployed.
- » Providing access to credit for companies, particularly SMEs and self-employed professionals.
- » Introducing measures that mitigate the effects of labour reform, such as maintaining unemployment subsidies, direct wage benefits, or guaranteeing a minimum wage tied to the standard of living, and allowing social inclusion to be stabilized and/or safeguarded.
- » The European Parliament resolution (European Parliament, 10 September 2015) and recommendation of the Council (European Commission, 17 September 2015) on the integration of long-term unemployment in the labour market should be studied for the recommendations on employment and vocational training, as well as integration of long-term unemployed in the labour market.

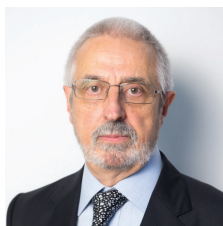


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ABOUT SIM EUROPE

The Social Inclusion Monitor (SIM) Europe is a new EU social-policy tool that is composed of two instruments. The Social Justice Index measures the level of social justice in the 28 EU member states, based on statistical data as well as assessments by selected experts. The Reform Barometer assesses social-reform need, activity and quality in the 28 EU member states, based on a survey among several hundred experts from across Europe. Both instruments are updated annually.

www.social-inclusion-monitor.eu

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