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The Lisbon Strategy and Ethnic Minorities: Rights and Economic Growth

Tove H. Malloy*

Following the re-launch of the Lisbon Strategy by the European Council in March 2005, the European Commission published on 12 April 2005 a blueprint for growth and jobs in support of a re-focused Lisbon Strategy.¹ The blueprint identifies a number of factors that have contributed to the slow growth rate in Europe, acknowledging among others, that social exclusion is a major factor, especially among unemployed women, and young and older workers. To alleviate this, members of the European Union (EU) must adopt macroeconomic policies for growth and jobs that will secure economic stability, economic sustainability and efficiency. They must ensure a dynamic and well-functioning Euro area, make it more attractive to invest and work in Europe, and improve productivity, improve investment in research and development to spur knowledge and innovation for growth. However, while the young and older workers and women are of vital importance to the rejuvenation of Europe's economy, ethnic minorities appear ostracised from this new process. The new set of Employment Guidelines issued alongside the blueprint discusses the need to ensure an inclusive labour market for job seekers and disadvantaged people. Out of twenty-three guidelines, only one pertains to minorities and that is in relation to combating discrimination. This appears minimal as the Race Directive of 2000 requires Member States to implement the principle of equal treatment irrespective of racial or ethnic origin.² Perhaps one should not be surprised as the so-called Wim Kok report which prepared the terrain for a re-launched and re-focused Lisbon Strategy referred to ethnic minorities only once, as a sub-category of older workers.³ Moreover, a recent working paper issued by the European Commission on the

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¹ Integrated Guidelines for Growth and Jobs (2005-2008). COM(2005) 141 final, 2005/0057 (CNS) of 12.4.2005.

² Council Directive 2000/43/EC of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin. *Official Journal of European Communities*, L 180/22 of 19.7.2000.

³ Facing the Challenge. The Lisbon strategy for growth and employment. Report from the High Level Group chaired by Wim Kok, November 2004, available at http://europa.eu.int/comm/lisbon_strategy/index_en.html.

economic costs of non-Lisbon makes no mention of ethnic minorities.⁴ One might therefore wonder if Europe is seeking to ensure economic growth and expansion while excluding some of the largest groups of faithful workers, the ethnic minorities.

The Lisbon Strategy and its Problems

In March 2000, the European Council set a strategic goal of becoming the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion. Adopting the so-called Lisbon Strategy, the EU formulated a number of measures to facilitate the shift towards an information society, stimulate research and development and the creation of small and medium-sized enterprises (SME), take further measures to complete the internal market, ensure sustainability of public finance, and modernise the European Social Model by strengthening education and training, developing an active employment policy and modernising social protection.⁵ Specifically, the European Council considered that the overall aim of the Lisbon Strategy should be to raise the employment rate from an average of 61 per cent in 2000 to 70 per cent by 2010 and to increase the number of women in employment from an average of 51 per cent in 2000 to more than 60 per cent in 2010.

Following its adoption, the Lisbon Strategy has been evaluated every spring to measure its progress. Four years later the picture was a mixed one.⁶ Consequently, in March 2004 the European Council concluded that the pace of reform needed to be significantly stepped up if the 2010 targets were to be achieved and that the EU had set itself perhaps too ambitious goals in the Lisbon Strategy. This is not to say that a lack of initiatives have been holding up economic development and growth. Indeed, in the wake of the Lisbon Strategy, the EU adopted a number of specific policies aimed at supporting the Strategy in achieving its goals. First, the Social Policy Agenda was adopted to form part of the integrated European approach towards achieving the

⁴ The Economic Costs of Non-Lisbon: A survey of the literature on the economic impact of Lisbon-type reforms. *European Economy Occasional Papers*, No. 16, March 2005.

⁵ See Presidency Conclusions of the Lisbon European Council, 23-24 March 2000 for the original documents included in the Lisbon Strategy available at (accessed 19 April 2005): http://ue.eu.int/ueDocs/cms_Data/docs/pressData/en/ec/00100-r1.en0.htm

⁶ Daniel Gros and Jørgen Mortensen, "The European Productivity Slowdown. Causes and Implications." *CEPS Policy Brief*, No. 54. July 2004

⁷ Daniel Gros and Jørgen Mortensen, "The European Productivity Slowdown. Causes and Implications." *CEPS Policy Brief*, No. 54. July 2004

economic and social renewal outlined in the Lisbon Strategy. Specifically, it aimed to ensure the positive and dynamic interaction of economic, employment and social policy, and to forge a political agreement which could mobilise all key actors to work jointly towards the new strategic goal.⁸ Secondly, the European Employment Strategy (EES) of 1997 adopted after the Amsterdam Treaty (Article 128) was revised in 2000 and further streamlined in 2002. A set of Employment Guidelines that support the EES continues to undergo revision to adjust it to changing circumstances. The most recent proposal for revision is included in the package of documents supporting the re-focusing of the Lisbon Strategy.⁹ Employment is also part of the EU's overall Social Inclusion Programme which was introduced by the Amsterdam Treaty (Article 136 and 137) to fight against social exclusion. Building a more inclusive EU was considered an essential element in achieving the Union's ten-year strategic goal of sustained economic growth, more and better jobs and greater social cohesion.

In spite of these and other attempts at jump-starting the European economy and improving productivity, the Lisbon Strategy process at mid-term was faced with under-performing member states and inertia at some levels of implementation. Because of structural weaknesses and low demand, national economic performances have been poor, thus rendering it difficult to implement the Lisbon Strategy.

The Lisbon Strategy and Ethnic Minorities

In setting out the blueprint for how to make the European economy grow through job creation and social inclusion, the re-focused Lisbon Strategy calls for a renewed effort at creating an inclusive labour market. This includes yet another revised set of Employment Guidelines, calling for member states to adopt policies towards a raise in the average employment rate to 70 per cent, 60 per cent for women and 50 per cent for older workers (Guideline 16). Specifically, the Commission asks member states to pay 'special attention to tackling the persistent employment gaps between women and

⁸ Social Policy Agenda: COMMUNICATION FROM THE COMMISSION TO THE COUNCIL, THE EUROPEAN PARLIAMENT, THE ECONOMIC AND SOCIAL COMMITTEE AND THE COMMITTEE OF THE REGIONS. COM(2000) 379 final of 28.6.2000.

⁹ Integrated Guidelines for Growth and Jobs (2005-2008). COM(2005) 141 final, 2005/0057 (CNS) of 12.4.2005, Part 2, "The Employment Guidelines (2005-2008): Proposal for a COUNCIL DECISION on guidelines for the employment policies of the Member States (under Article 128 of the EC Treaty)."

men, and the low employment rates of older workers and young people.¹⁰ In this regard, the Commission asks member states to tackle youth unemployment in particular, which is on average double the overall unemployment rate.

In addressing the need to ensure inclusive labour markets for job seekers and disadvantaged people (Guideline 18), the Commission further holds that facilitating access to employment for job seekers, preventing unemployment and ensuring that those who become unemployed remain closely attached to the labour market and increase their employability are essential to increase participation and combat social exclusion. This, the Commission argues, requires breaking down barriers to the labour market by assisting with effective job searching, facilitating access to training and other active labour market measures and ensuring that work pays, as well as removing unemployment, poverty and inactivity traps. In this connection, special attention should be paid to promoting the inclusion of disadvantaged people in the labour market, including through the expansion of social services and the social economy. While the Commission may well be implicitly including ethnic minorities in the category of disadvantaged people, this is by no means clear from the Employment Guidelines which do not include a reference to minorities. It would seem that ethnic minorities are simply not taken into account in the pursuit of economic growth.

To be sure, the Commission does explain that combating discrimination and promoting access to employment for disabled people as well as integrating migrants and minorities is vital, and that the unemployment gaps for people at a disadvantage, as well as between non-EU and EU nationals, remain too high. But it does not explicitly refer to the exclusion of ethnic minorities as a deterrent to economic growth. At best, in the instruction to improve matching labour market needs (Guideline 19), the Commission reminds member states that the additional labour supply resulting from immigration of third country nationals should be taken into consideration.

This weak line of policy guidelines is particularly surprising considering that the social exclusion of ethnic minorities was made glaringly apparent in a 2004 report published by the Commission and the Council on the progress made toward social

¹⁰ *Ibid*, p. 27.

inclusion in support of the Lisbon Strategy in member states.¹¹ The report delineates the results achieved according to the Open Method of Co-ordination (OMC), through which member states have agreed to co-operate on certain objectives under the Lisbon Strategy and Social Inclusion processes. This is a method whereby member states define collectively, with respect to national and regional diversities, objectives and indicators in a specific area and, on the basis of national reports, improve their knowledge, exchange information, and devise innovative approaches that could possibly lead to guidelines or recommendations.¹² One of the most successful outcomes of adopting this informal approach to policy improvement has been the ability to identify examples of good practice. Thus, while the report was able to reveal considerable attention within member states to the social exclusion of ethnic minorities, it also stated that little progress had been achieved.

The lack of action by member states is highlighted in the report's attention to one of the six key priorities of the Social Inclusion Programme 2003-05 which specifically instructs member states to make a drive to reduce poverty and social exclusion of immigrants and ethnic minorities. Here the report stated that while many member states pay attention to policies for the integration of ethnic minorities, refugees and migrants, the Commission was not entirely satisfied with the level of performance in the area of promoting social inclusion of ethnic minorities.¹³ Most member states continue to present the issue of immigrants and ethnic minorities in rather general terms, highlighting health, housing and employment as areas of particular concern. In many cases, only a brief reference is made to migrant and ethnic groups being at risk, with little attempt to analyse the situation or factors which lead to exclusion and poverty. Only a few member states attempt to identify trends, negative or positive, in the living and working conditions of these groups, although some made a direct link between discrimination and social cohesion issues. In concluding, the report stated that although the vulnerability of ethnic minorities to poverty and exclusion has been recognised by all member states, in only a few cases specific targets and objectives have been set out. Little attention is paid to promoting the access of ethnic minorities to resources, rights, goods and services, to social protection schemes, and to decent

¹¹ Joint Report by the Commission and the Council on Social Inclusion. 7101/4 of 5 March 2004,

¹² See Grainne De Burca and Jonathan Zeitlin, "Constitutionalising the Open Method of Coordination. What should the Convention propose." *CEPS Policy Brief*, No. 31, March 2003.

¹³ Joint Report by the Commission and the Council on Social Inclusion, p. 48.

and sanitary housing, as well as to education and appropriate healthcare . Finally, the report argues that the specific situation of ethnic minorities faced with poverty and exclusion will require greater effort and analysis if their labour market participation is to be increased to the same levels as the majority population, and if their participation in social, cultural and political life is to be promoted.

Ethnic minority inclusion and economic growth

The problem with social inclusion and economic growth is that the two are poorly linked in economic policies. The solution normally cited to combat social exclusion is the so-called rights-based approach to social inclusion whereas the economic policies proposed to improve economic development are usually growth-based. Whereas the rights-based approach is seen as a human rights tool, the growth-based model is an economic tool. However, according to experts on economic development, the theory of how to create social inclusion for marginalized groups should include at least three ways of addressing economic exclusion.¹⁴ There is the growth model, the individual empowerment model, known as the rights-based approach, and the security enhancement model. While the growth model may be taken to represent neo-liberal market approach, the empowerment model exhibits a rather more humanitarian approach as opposed to the security model which implies *Realpolitik* pragmatism. In reality, of course, they overlap and intersect, and none is likely to be successful in isolation. They all address the need to change a society from a less to a more desirable state. This involves increased economic efficiency, expansion of productive capacity, technological advances, industrial diversification, and adaptability to absorb exogenous shocks as well as aspects of increased GNPs, average real incomes, and general social welfare. The latter may involve embracing spiritual and cultural attainments, individual dignity and group esteem, fulfilment of the necessary conditions for the realization of the potential of human personality as a result of reductions in poverty, inequality and unemployment. Moreover, in some cases improving a society may mean simply providing food, adequate housing provisions and clean drinking water. These observations all bear on the issue of equity, self-reliance and self-determination and, thus, ultimately on the debate about recognition

¹⁴ *World Development Report 2000/2001: Attacking Poverty* (New York: World Bank and Oxford University Press, 2001)

versus redistribution, or rights-based versus needs-based approaches.¹⁵ This is, of course, the reason why respect for human rights has recently become part of this concern. Indeed, all three models place a high value on increased freedom, freedom to define one's own needs and to take part in making the decisions which affect one's life, thus enhancing the range of choices that are desirable to all people.¹⁶ In short, social inclusion is not only about a good life but also about empowerment of people to participate on an equal basis in the common effort to create a good society based on a competitive and dynamic economy. Social inclusion therefore is not only a question about the right to participate but rather about the opportunity to participate.

There are of course no reasons to question the rights-based approach to social inclusion. Members of ethnic minorities face widespread disadvantage in their socio-economic opportunities. As noted, this disadvantage concerns their access to housing and services, healthcare, education and training, as well as employment. The socio-economic disadvantage of ethnic minorities results from direct and indirect discrimination, language barriers, lack of citizenship or status, and lack of recognition. In the employment sector, ethnic minorities are often excluded from public administration positions and relegated to the lowest level jobs in the private sector. Self-employment and self-starters of SMEs are often lower than the average. The level of education among certain ethnic minority groups is generally appalling. Ethnic minorities experience language difficulties in state school systems, resulting in high drop-out rates and even non-attendance. Moreover, the number of ethnic minority teachers appears low, and segregation and special schooling have increasingly become the norm. Discrimination in the housing sector is especially troubling, with issues ranging from lack of access to the private housing market, laws requiring residence permits to obtain public housing and health benefits, to issues of property restitution in post-conflict areas and poor municipal housing resembling ethnic ghettos in other areas. In many states, access to the public health sector does not only require prior registration but also insurance guarantees. Disadvantaged minorities usually do not have the means to buy insurance. Across the board, female members of minorities often suffer double or triple discrimination: first as women,

¹⁵ Nancy Fraser and Axel Honneth, *Redistribution or Recognition? A Political-Philosophical Exchange* (London: Verso, 2003)

¹⁶ Martha Nussbaum, *Women and Human Development. The Capabilities Approach* (Cambridge: Cambridge University Press, 2004)

next as members of minorities and third as members of the poorest part of the population. The growing feminization of poverty is particularly troubling for the future of an enlarging EU that wishes to be on the cutting edge of productivity.

Productivity is not attainable without economic development. This is why the rights-based approach must go hand in hand with the growth model. The report on the OMC of Social Inclusion programmes in the member states does address those aspects of economic development that contribute to the continued exclusion of ethnic minorities. Thus, for instance the lack of good transport infrastructure can limit the potential for economic and social regeneration indisadvantaged communities and contribute to the continuing decline of marginal rural areas. Poor communities frequently bear a disproportionate part of the costs of traffic as they are often situated next to major strategic transport networks which can isolate them from surrounding neighbourhoods, lead to higher levels of air and noise pollution and increased risk of accidents, especially to children. As the mobility gap between car-owners and non car-owners in the EU countries continues to grow, transport will continue to be a factor in entrenching social exclusion and inequality in society.¹⁷ The exclusion of entire areas is also mentioned in the report, as ethnic minorities often live in rural and remote areas. However, according to the report, combating regional inequalities does not enjoy a high priority status with the central governments of member states. This is unfortunate, as the ability to promote economic growth at the regional and local levels has historically proved a good way of improving economic participation among national and historic minorities who are territorially defined. In developing their own ‘social capital’ and learning to engage with like-minded players, regions of national minorities in Belgium, Italy, Spain and the United Kingdom have become strong economic players in Western Europe.

Among the driving forces behind the economic development of these regions has been economic restructuring and rapid change in modes of production. Large-scale manufacturing has given way to more differentiated types of production tailored to specific markets. Dependency on proximity to natural resources and waterways has been reduced. In the early stages of local and regional development there was a heavy

¹⁷ Joint report by the Commission and the Council on social inclusion, p. 74.

reliance on infrastructure development, including roads, ports, airports and telecommunication, manufacturing and industrial estates. These do not however necessarily ensure growth and self-sustaining entities. This was followed by supply-side policies that did not need to be managed centrally and rather required a high degree of local knowledge. This has proven more attractive to foreign investors. This is, of course, based on a philosophy which accepts globalization and free trade and the need to manage the insertion of national minority regions into European and world markets. In this paradigm, both external and internal factors defined the success of the economy of these regions. At the external level, global market competition and dependence on international finance influence regional development whereas, at the internal level, historically-determined characteristics of the national minority and its region as well as other structural contingencies determined success. In order to become more viable in the inter-regional competition for funds, national minorities fostered development coalitions within their regions. These coalitions are usually cross-class, place-based alliances of social and political actors dedicated to economic growth in the region. Thus, growth policy will result from a combination of external market influences interfacing with local resources and opportunities, mediated by the composition of the coalition, the institutional structure of the region and cultural factors.¹⁸

To be sure, the Commission supports the growth model as a tool in developing outlying regions through its Structural Funds programme. The total budget for the Structural Funds amounts to 195 billion Euro in 2000–2006, or close to one third of the EU budget. At present, there are three priority objectives. Objective 1 is to assist areas whose economic and social development is lagging behind. This objective is of fundamental significance. Only areas with a per capita gross domestic product lower than 75 per cent of the EU average are eligible for assistance under Objective 1. Nearly 70 per cent of all Structural Funds have been put into achieving this particular objective. Activities under Objective 2 concentrate on supporting a thorough economic and social conversion of areas experiencing structural difficulties in industry, agriculture, etc., while Objective 3 puts emphasis on modernizing education, training and employment systems. While ethnic and national minorities' access to the

¹⁸ Michael Keating, *The New Regionalism in Western Europe: Territorial Restructuring and Political Change* (Cheltenham: Edward Elgar, 1998), p. 144.

Structural Funds has been administered through the capitals of member states and thus is rather cumbersome and bureaucratic in addition to being rather restrictive, the revised rules for 2007–2013 will alleviate some of these problems. The opportunity to combine the growth model approach of the Structural Funds with the rights-based approach of the Social Inclusion Programme in less developed regions is thus available to the member states. This is of course why the Race Directive is important. Indeed, the Commission is aware of the need to combine the strategy of social inclusion with the strategy of economic growth. In a recent working paper it has stated that “although there is wide agreement that there is no genuine trade-off between productivity and employment in the long-run, there is a clear need for greater understanding of the interactions and synergies between the different Lisbon reforms in order to better combine reforms.”¹⁹ Unfortunately, the very same working paper omits any reference to ethnic minorities.

Conclusions

The fact that member states’ approach to social inclusion is weak, whether rights-based or growth-motivated is perhaps not surprising. Ethnic minorities are often considered second-class citizens, especially if they do not hold legal citizenship. Indeed, in some member states ethnic minorities are denied citizenship. But even in those member states where members of ethnic minorities do obtain citizenship, second-class status is often the norm. This is, of course, a reason why the rights-based approach is important. But it continues to be based on the assumption that social exclusion of ethnic minorities is but an economic burden to society, as if eliminating social exclusion would balance the books and jump-start the economy. It does not take into account that social exclusion is a drawback to economic growth because it is seen as a static phenomenon rather than an investment opportunity. EU policy makers would gain by recognizing that ethnic minorities constitute an untapped asset to society, a dynamic force that is amenable, adjustable, and willing. There is no reason to believe that members of ethnic minorities have less energy than the rest of us. To tap into this energy, the rights-based approach alone will not do. It must go hand in hand with investment policies towards economic growth. If EU policy makers were to

¹⁹ The Economic Costs of Non-Lisbon: A survey of the literature on the economic impact of Lisbon-type reforms. *European Economy Occasional Papers*, No. 16, March 2005, p. 8.

see ethnic minorities as a vital investment component in the quest for economic growth, perhaps the recovery of the Lisbon Strategy might speed up.