



The ongoing quest for Social Europe

Agnieszka Piasna

Senior Researcher, ETUI

“Europe and the world beyond the polycrisis: Possible futures.”

12 – 14 September 2024, Vienna/Austria

University of Applied Sciences BFI Vienna



Mehtap Akgüç



Kalina Arabadjieva



Pierre Bérastégui



Béla Galgóczi



Sara Lafuente



Kilpatrick Claire



Bianca Luna Fabris



Sotiria Theodoropoulou



Agnieszka Piasna



Torsten Müller



Jane Parker



Silvia Rainone



Kurt Vandaele



Bart Vanhercke



Sigurt Vitols



Wouter Zwysen

A gradual shift in the social paradigm



- BWE report – analysis and policy proposals about the world of labour and social affairs, with workers’ concerns at the centre. Contribution to the monitoring of the social dimension of the EU.
- European election year – stock taking exercise.
- Sources of momentum and fragility in the new Social Europe – numerous important initiatives, do they signal its sustained revival?
- What are the current challenges for employment and working conditions? Costs of inadequate policies and infrastructure?



Momentum and fragility in Social Europe's renewal

- The recent period has been an exceptional phase for European integration, strengthening the social fundamentals of the EU in many ways
- Key channels / drivers of the revival of Social Europe:
 - European Pillar of Social Rights, with numerous linked legislative and policy initiatives
 - A novel approach to EU spending (NextGenerationEU, Recovery and Resilience Facility with bottom-up planning, SURE); EU borrowing to finance an ambitious recovery strategy
 - (Temporary) loosening of the EU fiscal framework and public expenditure rules
- Marked by a renewed social ambition and revival of the social project, in contrast with austerity-driven response to the Great Recession and a long phase of social and regulatory stagnation; possibly an implicit acknowledgement of adverse consequences of 'austere' policies (and compensation in the case of NGEU/RRF)
- Inherent fragility if these drivers falter – e.g., macroeconomic policy expansion partly reversed with inflation and a cost-of-living crisis, review of fiscal rules in 2024

Momentum and fragility in Social Europe's renewal

New wave of legislation ('the children of the Pillar') notable in quantity, politics and substance

- Focus on importance of ensuring effective transposition and enforcement.
- Temporary nature of some of these measures.
- Addressing upcoming challenges - agenda of the new EC.
- The price of inadequate social policies, infrastructure and protection must be understood and made visible.

Table 2.1 **List of directives and instruments that have emerged in the wake of the European Pillar of Social Rights**

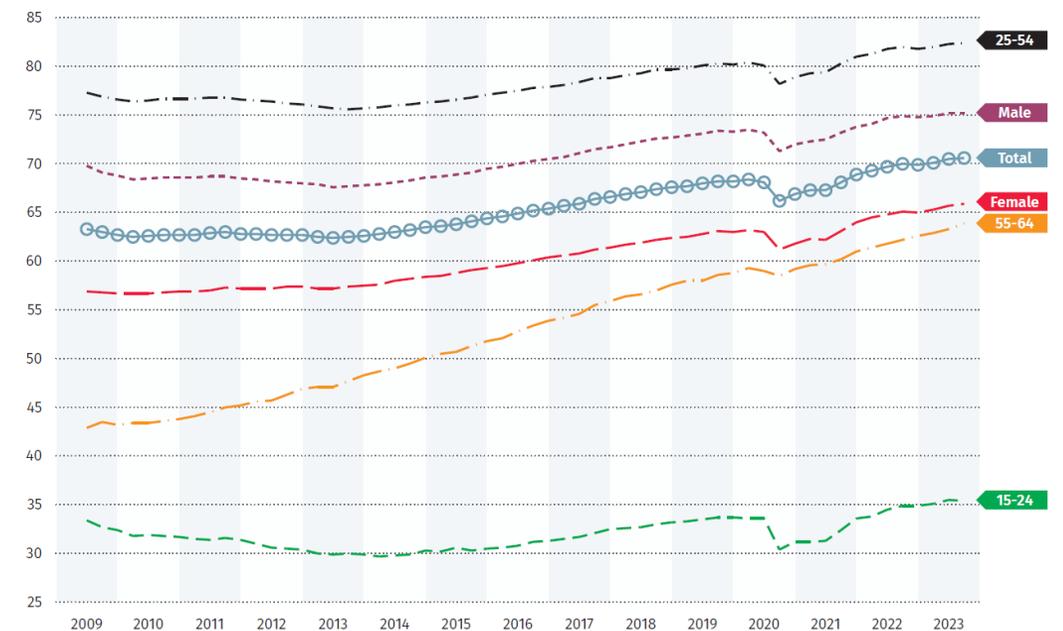
Legally binding instruments	<ul style="list-style-type: none">• Whistleblowing Directive• Work-Life Balance Directive• Transparent and Predictable Working Conditions Directive• Adequate Minimum Wages Directive• Women on Boards Directive• Pay Transparency Directive• Proposal for a Directive on improving working conditions in platform work• Proposal for a Directive on combating violence against women and domestic violence
Non-binding instruments	<ul style="list-style-type: none">• Council Recommendation on key competences for life-long learning• Council Recommendation on access to social protection by workers and the self-employed• Council Recommendation establishing a European child guarantee• Council Recommendation on a fair transition towards climate neutrality• Council Recommendation on adequate minimum income• Council Recommendation on strengthening social dialogue
Funding instruments	<ul style="list-style-type: none">• European Social Fund Plus• Recovery and Resilience Facility, part of NextGenerationEU• Social Climate Fund

Labour market and social developments

Employment recovery tells only part of the story

- Strong recovery in employment rates – a successful approach to supporting jobs and workers in the pandemic crisis, in contrast to previous policies.
- Underlying large variation and inequalities – a need to unpack and understand headline trends and their drivers:
 - Older workers
 - Youth, pandemic impact, non-standard employment
 - Gender
 - Cross-country and regional divides, intra-EU mobility
- Challenges ahead
- Analysis through the lens of ongoing transformations: digitalisation, green, demographic; and their interplay.

Figure 2.1 Rising employment rates across the EU



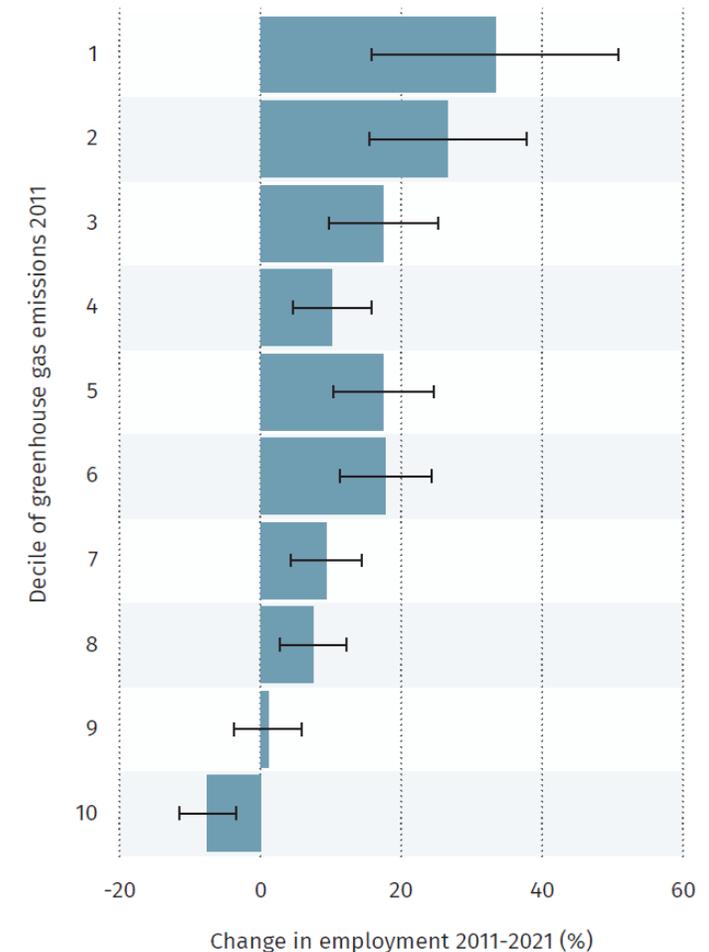
Source: Eurostat (lfsi_emp_q).

Labour market and social developments

Changes driven by structural transformations of EU labour markets

- Climate objectives of lowering emissions coincide with increasing digitalisation and ageing – who is in the driving seat and are we on the right track?
- Job creation concentrated in less emitting jobs:
 - Driven by the growth of ICT, professional, scientific sectors – likely to grow in energy consumption with AI
 - What about care sector and other essential work?
 - Industrial sectors and agriculture shrink in relative employment
- Low industry share countries de-industrialise further leading to concentration of manufacturing jobs in CEE, DE, IT – with further declines due to energy costs

Figure 2.4 Change over time by greenhouse gas emissions

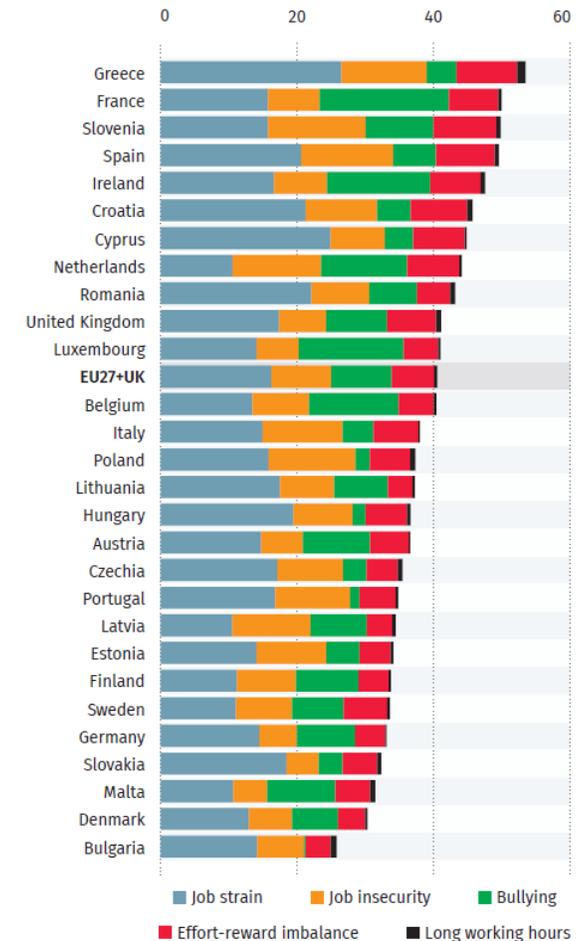


Labour market and social developments

Need to look beyond counting jobs and address job quality

- Increasing use of digital technologies leads to emergence of new and intensification of old risks
 - Knowledge-intensive jobs come with specific challenges: work intensity, long hours, poor work-life boundary, job strain, posture related risks
 - Changes in tasks, challenges to intrinsic job quality
 - Digitally-mediated performance of work: isolation, surveillance, loss of autonomy
 - New forms of precarious employment, e.g. platform work: job insecurity, low control, unpredictability of earnings
- All this with potentially devastating health effects (depression, coronary heart diseases)
- Pressing need for appropriate policy responses

Figure 2.19 Fractions of depression attributable to selected psychosocial work factors in EU27+UK in 2015, per Member State

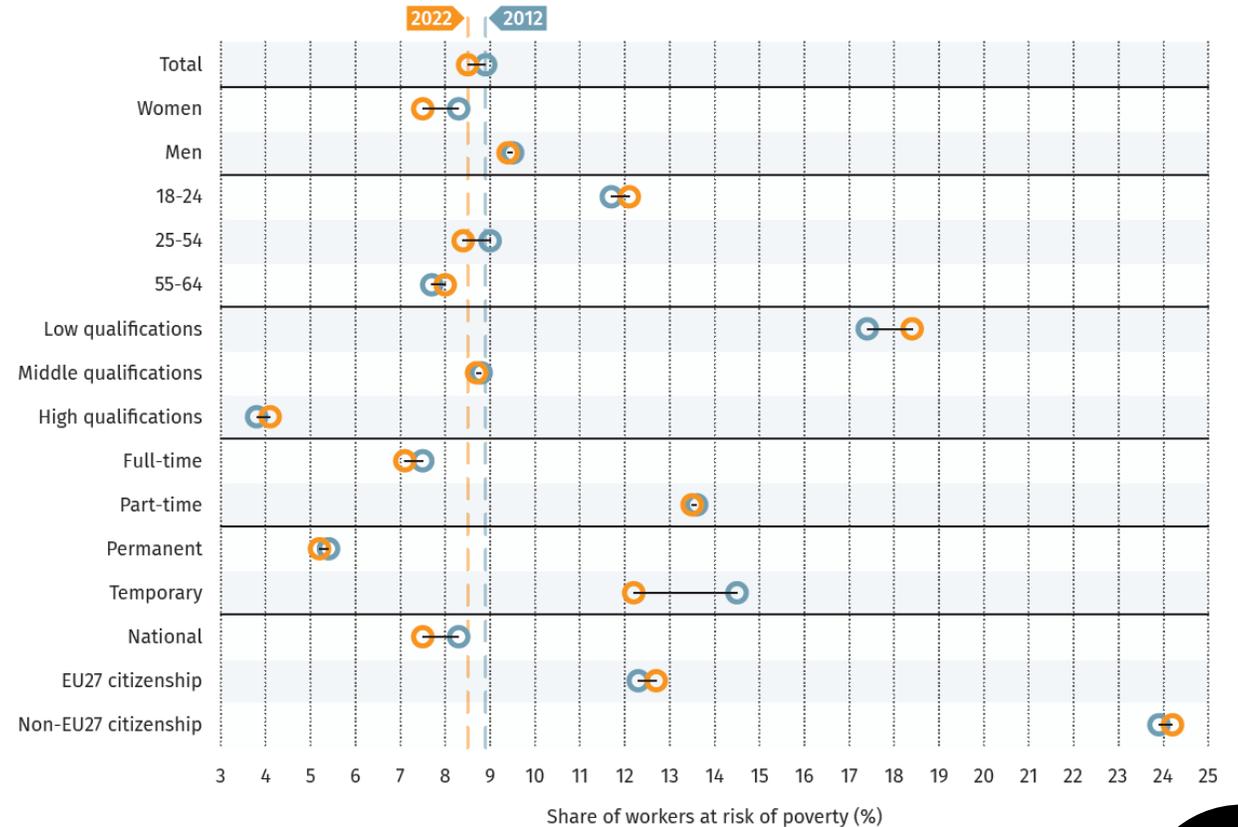


Labour market and social developments

Working yet poor

- In-work poverty remains a challenge
- Very little improvement over the past decade, from the height of the recession
- Conditions are particularly alarming for vulnerable groups of workers: low skilled, young, migrant, non-standard

Figure 2.15 Workers at risk of poverty



The quest for an eco-social Europe

- The challenges of climate change and the green transition
- Social dimension of costs and risks

Figure 1.8 Real compensation per employee (2021=100) in 2022-2023, EU Member States

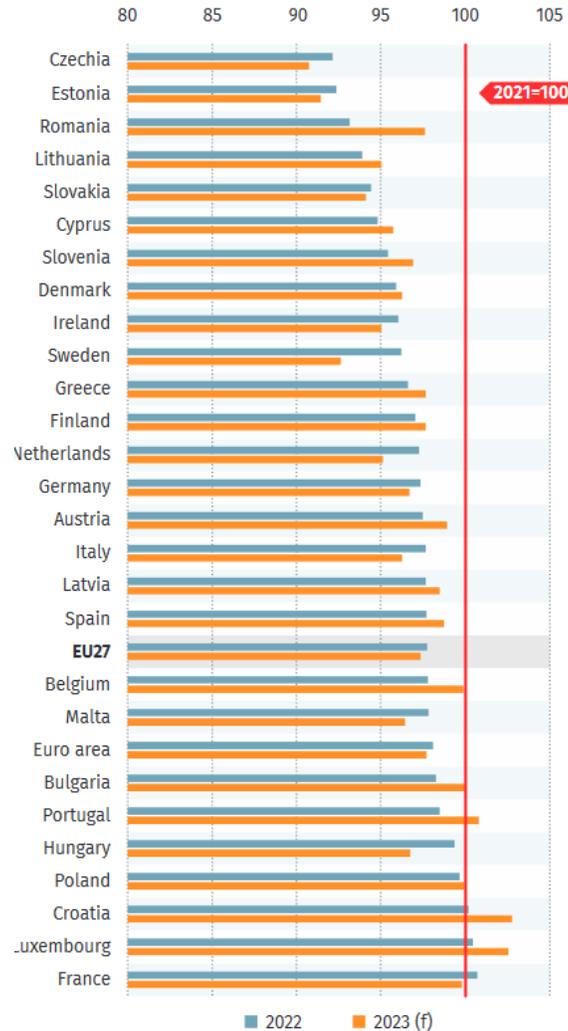
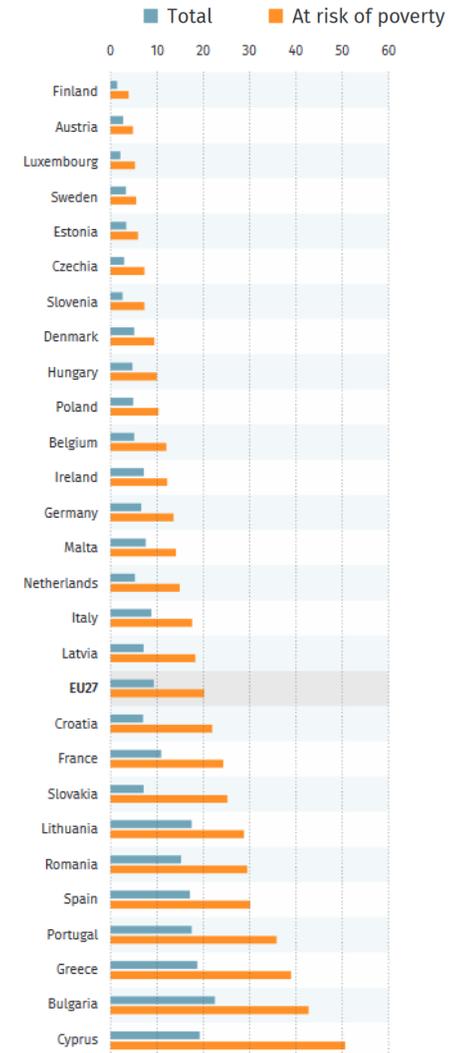


Figure 4.13 Energy poverty – share of population unable to keep their home warm (% , 2022)



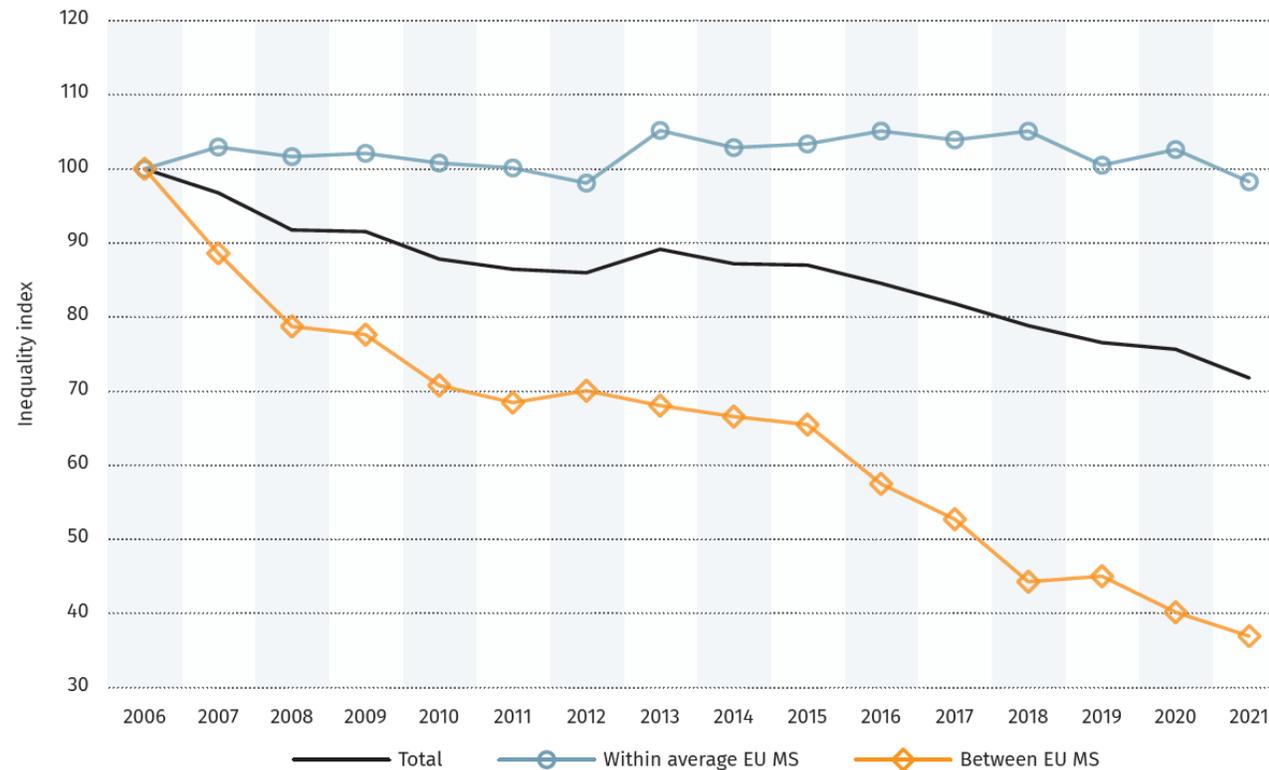
Source: Eurostat (2023d). Note: For total population and for population at risk of poverty (defined as below 60% of national median equivalised disposable income).



Wages and collective bargaining

Wage inequality diminishes between countries but persists between workers

Figure 3.3 Wage inequality within and between EU Member States



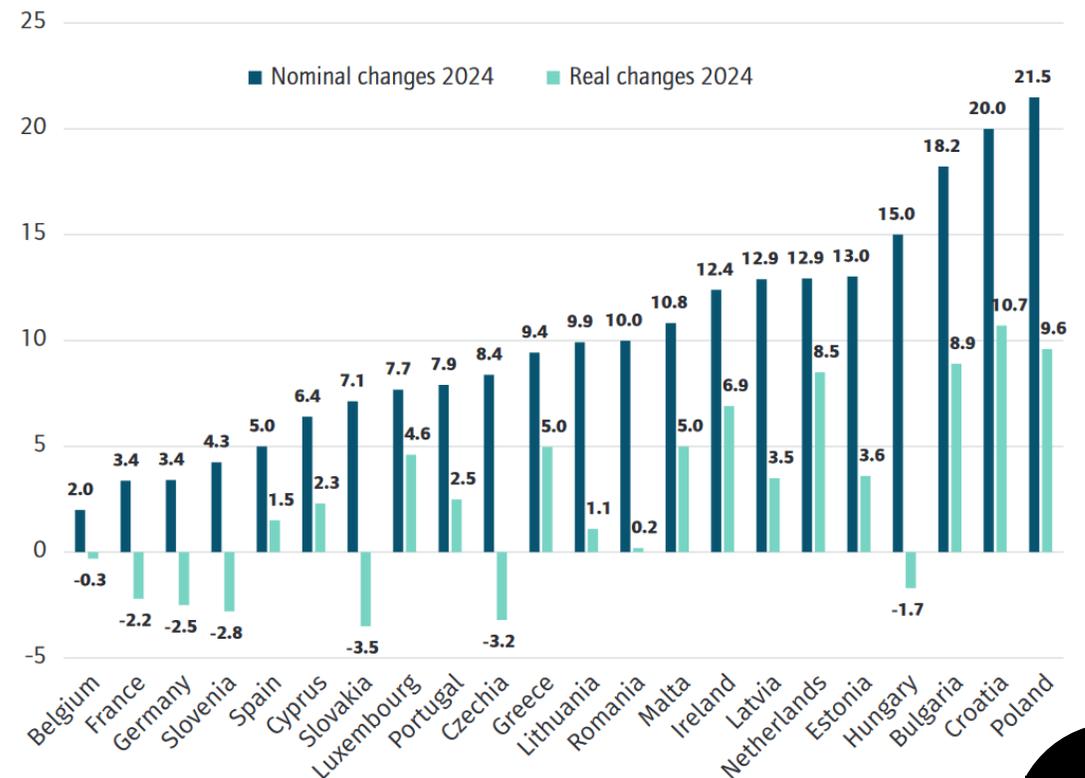
Note: The figure shows the evolution of wage inequality, measured as the variance of logarithmically transformed wages across the EU27 excluding Malta and Croatia over time. It is decomposed into the part between and within countries.
Source: Own calculations using EU-SILC 2007-2022, weighted.

Adequate minimum wages directive

A turning point in EU policies

- First-ever piece of EU legislation explicitly aimed at improving living and working conditions in the EU by establishing a framework for adequate MWs and promoting collective bargaining for wage-setting.
- Demonstrates a shift in the discourse over the EU social dimension, away from a neoliberal paradigm putting existing IR and social systems under pressure.
- New discourse emphasises the need for strong social institutions for ensuring social cohesion and political stability.
- Address the issue of low wages, connected to (in work) poverty and the cost-of-living crisis.
- Despite marking a major progress, it comes with important challenges (competence, implementation, enforcement).
- A return to growth in MWs, but picture less positive in real terms.

Figure 3.6 Development of hourly nominal and real minimum wages in 2023 (in %, 1 January 2023-30 January 2024)

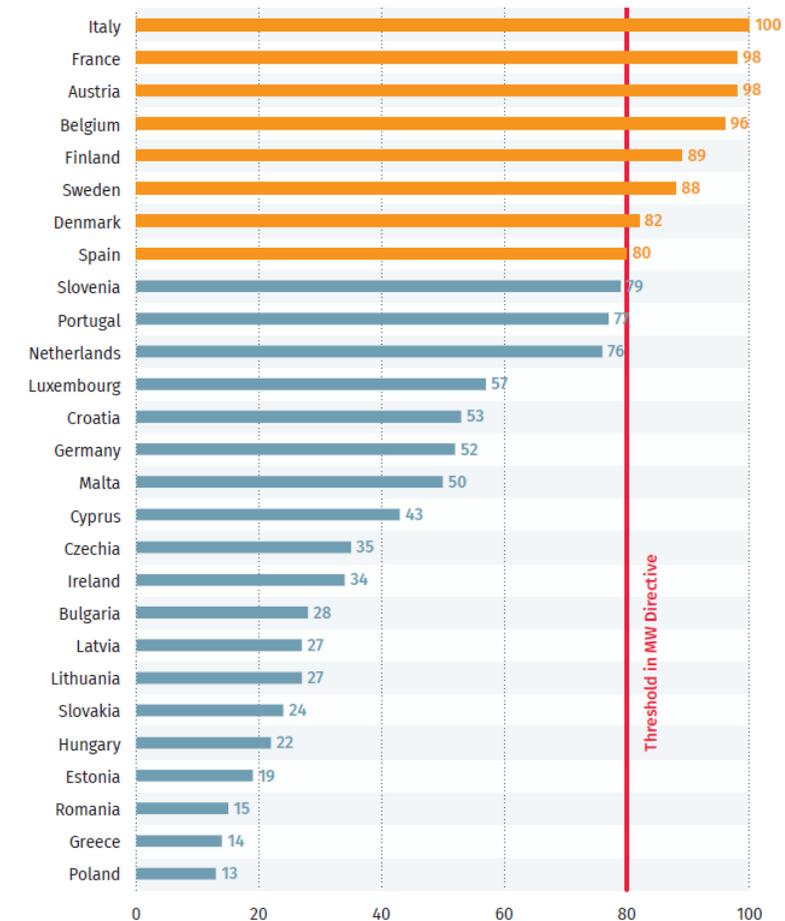


Adequate minimum wages directive

Strengthening collective bargaining

- The second major objective of the AMWD
- It is the first time that the EU has formulated a clear commitment to a high level of bargaining coverage.
- It obliges MS with a collective bargaining coverage of less than 80% to take measures to increase it.
- A huge task ahead. Action plans needed for the majority of countries.
- In some instances, first reversing the harms of Austerity 1.0

Figure 3.10 Collective bargaining coverage* in EU countries (2021 or most recent year available)



Note: * Share of employees covered by a collective agreement in relation to the number of employees with the right to bargain.

Challenges ahead

Momentum to Social Europe but still lacking solid foundations

- Over the past five years, a new impetus to Social Europe has led to important and long-awaited policy initiatives, but progress remains *fragile* (polycrisis, elections) and *fragmented* (inequality)
- Many instruments and policies were ‘temporary’ or a ‘suspensions’ of normal rules – will they have a lasting change on EU governance rules and policies? Given an increase in uncertainty and challenges, shall rules be *reformed* rather than *suspended* with each emergency and challenge?
- Labour market analysis points to many areas of persistent fragility and emerging risks – these reveal tangible costs of inadequate social regulation and infrastructure
- Need to focus on quality of jobs and workers’ rights if EU is to build a sustainable, innovative and democratic economy and society
- Social progress must be on a par with economic integration