

European social policies in times of deregulation: Trends, resisting strategies, alternative scenarios

Anne Eydoux (CNAM Paris, LISE and CEET) and **Maria Karamessini** (Panteion University of Social and Political Sciences, Department of Social Policy)

anne.eydoux@lecnam.net

mariakarames@gmail.com

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Europe in a Fragmented World: Rearmament, Geopolitical shifts and the Struggle for Socio-Economic Alternatives

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Introduction

Neoliberal capitalism – polycrisis (successive & mutually reinforcing)

- Financial in 2008, public health in 2020-2021
- War in Ukraine, energy and cost-of-living crisis 2022-2024
- Tariff crisis and expanding war in the Middle East 2025-2026
- Climate crisis (heat, drought, fires, floods, mountain cracking)
- Crisis of the living world and decline of biodiversity

Since 2024-2025, the EU has made a strategic turn

- Militarisation, competitiveness together with greater financialization and market deregulation
- Socio-ecological transition put onto the back burner and in peril

EU (environmental, social, moral) rollbacks

Strategic goals – policy priorities

- “rearming Europe” without a common foreign security and peace policy
- “sustainable competitiveness”, socially and environmentally unsustainable
- “Omnibus package”, unsustainable democratic, social and environmental deregulation

Aim

- Discuss the economic and social state of the EU
- and possible alternatives

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Outline

1. Economic juncture & the structural crisis of European capitalism
2. Social state of the Union: employment, wages and inequality
3. Varieties of social challenges: the example of France and Greece
4. Conclusion: The need for alternatives

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1. Economic juncture

A structural crisis of European capitalism – Strategic reorientation of the EU

Recent economic and social developments in the EU-27					
	2022	2023	2024	2025*	2026*
GDP	3.5	0.4	1.1	1.5	1.1
Germany	1.8	-0.9	-0.5	0.2	0.6
France	2.7	1.4	1.2	0.8	0.8
Italy	4.8	0.9	0.8	0.5	0.5
Inflation (HICP)	9.2	6.4	2.6	2.5	3.1
Employment growth (%)	2.2	1.3	0.8	0.5	0.3
Unemployment rate (%)	6.2	6.1	5.9	6.0	6.0
Real wages per employee	-2.2	-0.5	2.5	1.8	0.4
Productivity (per person)	1.3	-0.8	0.3	1.0	0.7
Private consumption	5.0	0.3	1.6	1.7	1.1
Investment (volume)	2.1	2.6	-2.2	2.8	2.2
Private			-3.8	1.0	
Public			4.9	6.8	
Exports	7.3	-0.4	0.8	2.3	0.9
General government balance (% GDP)	-3.2	-3.4	-3.1	-3.1	-3.5
Sovereign debt (% GDP)	83.8	81.8	81.9	82.8	84.2
*Forecasts.					

The EU economy in **major crisis** since 2023

Triggered by the energy shock caused by Russia's aggression war against Ukraine – second shock US & Israel's war against Iran

- Stagnation of output and productivity – Stumbling exports and private investment (reduced in 2024)
- Public investment mobilised to offset collapse and stimulate growth – NextGenerationEU package, now “Rearm Europe”

The EU core (Germany, France, Italy) is in trouble: deep crisis of export-led growth model

Longer-term structural causes - neoliberalism + austerity

- Lack of common industrial/technological policy
- Management of 2008 global financial crisis through austerity policies (double-dip recession – delayed and weak recovery

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Strategic turns: major threats to social and ecological Europe

“Sustainable competitiveness” (Draghi report) – September 2024

- Social policy oriented towards skill policy
- Simplification of rules – deregulation agenda, harming social and environmental protection

“Rearm Europe” (White Paper, March 2025) – EU defence initiative

- Instruments: Fiscal flexibility to allow national defence spending beyond SGP restrictions, SAFE loan instrument, support from EU Budget and European Investment Bank, Savings and Investment Union to draw private money into the defence sector
- National escape clause of SGP (1.5% GDP) – But military and security spending to reach 5% of GDP in 2032 (NATO goal) competes with social spending
- Militarisation increases the danger of involvement in wars – human losses/massive ecological damage

“Omnibus package” (Euromemo, 2026)

- Social and environmental deregulation
- watering down corporate social and environmental responsibilities
- as well as emissions reduction and pollution targets

EU policies: from socially enabling...

- European Pillar of social rights, 2017
- Corporate Sustainability Reporting Directive (CSRD, 2022), Corporate Sustainability Due Diligence Directive (CSDDD, 2024)

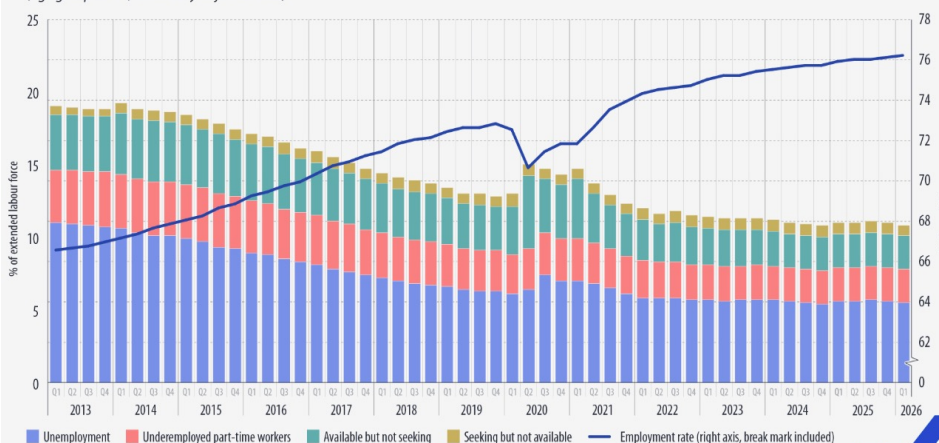
to socially disarming?

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2. Social state of the Union - Employment and unemployment

Labour market slack and employment rate in the EU, Q1 2013 to Q1 2026

(age group 20-64, seasonally adjusted data)



Graph line markers are relevant to the right value axis of % of population.

eurostat

Employment rate 76.3% 1Q2026

- on the rise since 2013 (except during confinements)
- deceleration since 2022

Slack labour force 10.9% for the extended labour force 20-64 Q1 2026

Unemployment rate 6.1% in July 2026

- stable since 2022
- but high youth unemployment (15.1%), esp. in Estonia, Sweden, Finland, Spain, France, Luxembourg, Portugal.

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Focus: Acceleration of layoffs in the "capitalism of rent" (Mazzucato et al., 2026)

Behind rising employment rates...

Europe's current industrial crisis results in **widespread factory closures and job cuts**

- For mainstream orthodoxy, this industrial crisis is due to excessively high labor costs or over-regulation
- Instead, there is a **massive shift from value creation**
 - ✓ investing in innovation, machinery, and jobs
- **to value extraction**
 - ✓ maximizing short-term shareholder returns

Examining 25 years of data from Europe's 300 largest public non-financial corporations, Mazzucato et al. (2026) found that

- in 69% of **corporate restructuring** resulting in heavy layoffs and plant shutdowns, the companies still paid out dividends to shareholders in the same year

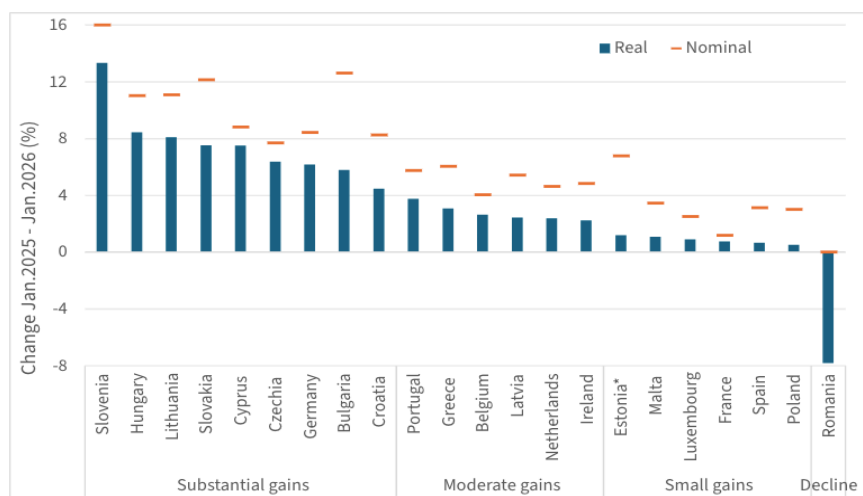
They call this economic model "**capitalism of rent**"

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Minimum wage growths continue

Graph. Gains in purchasing power among minimum wage earners

rate of change in gross national minimum wages, in real and nominal terms, 22 Member States, January 2025 to January 2026 (%)



Real wage recovery since 2024

- but the wage share (in % of GDP) remains lower than in 1995

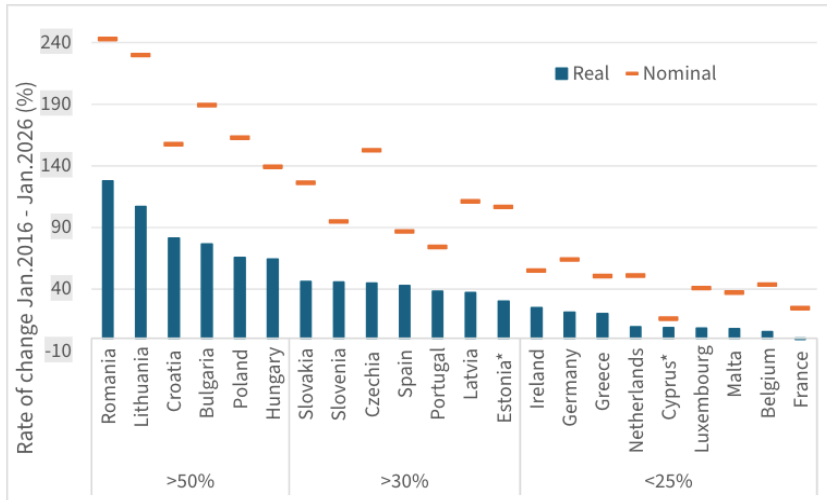
National minimum wages continued to grow in 2025

- positive impulse of the Minimum Wage Directive (2022)
- purchasing power gains in (nearly) all EU countries (Vacas-Soriano, Appler, 2026)

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Changing regional gaps in minimum wages

Graph. Rate of change in gross national minimum wages in real and nominal terms, 22 EU Member States, January 2016 to January 2026 (%)



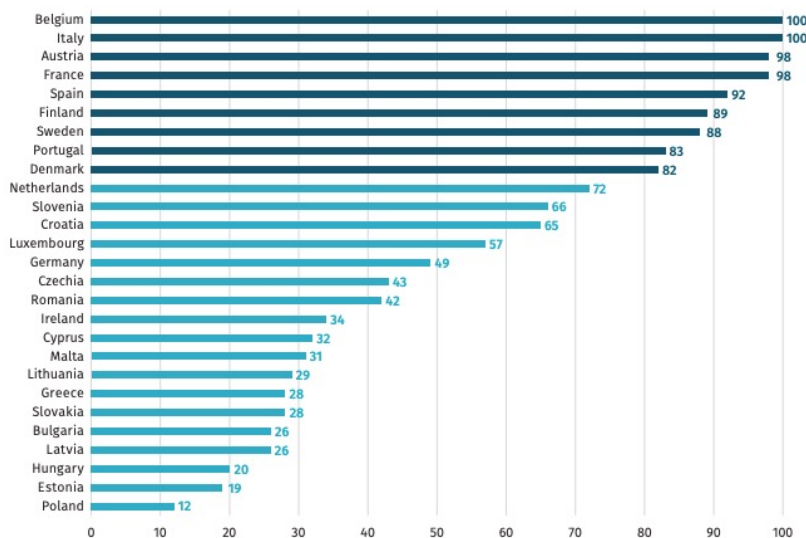
Minimum wages in the past decade

- significant growth in most CEE countries narrowing regional gaps (Vacas-Soriano, Appler, 2026)
- stagnation in many other countries, esp. old member states
- France singles out with a loss in purchasing power

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Collective bargaining

Graph. Collective bargaining coverage



Sources: OECD/AIAS (2025); for Greece: estimates from the Ministry of Labour (Vgenis 2026); for Slovenia: Republic of Slovenia Statistical Office (2025).

Minimum wage directive

- only 9 MS comply with the 80% collective bargaining coverage threshold in 2024
- in other MS, action plans are generally “more bark than bite”, except in Greece where it qualifies as a “best practice” (Müller & Schulten, 2026)

Pay transparency Directive (2023)

- MS should have transposed the Directive by June 2026
- only 4 MS did it by July 2026: Slovakia, Italy, Lithuania, and Malta

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Poverty and inequality

Poverty reduced in the EU between 2015 and 2025

- In 2025 20.9% of the EU population were at risk of poverty or social exclusion
 - ✓ higher for women (21.9% vs 19.8% for men) as well as for single mothers and large families or migrants from outside Europe.
 - ✓ much higher for the unemployed (66.3%) than for employed people (10.9%)
- Energy poverty and material deprivation are still there
- The housing crisis is expanding since 2015
 - house prices have increased by up to 60% on average
 - ✓ many (1 on 10) European people cannot pay their rents or mortgage on time
 - ✓ in most major EU cities, rents exceeds 30% of the salary – up to 116% in Lisbon
 - housing inequality plays a crucial role in explaining overall wealth inequality (Darvas et al., 2025).

Inequality and ecology

- Social inequality is strongly related to climate change, pollution and the decline in biodiversity

“At the EU level, ‘the richest 10% produce as much carbon as the bottom 50% combined’ and ‘someone from the richest 0.1% of Europeans emits 53 times more carbon than a person from the bottom 50%’ (Oxfam, 2025)”
- the richest 0.1% increased their emissions (by +14%) between 1990 and 2022
- the bottom 50% significantly reduced theirs (-27%) (Oxfam, 2025)

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3. Varieties of social challenges: the case of France and Greece

France

- Stagnation/reduction of real minimum wages
- Increase in monetary poverty
 - ✓ from 14% in 2016 to 15.4% in 2023 and 2024 (INSEE, 2026)
 - ✓ in line with the EU average
 - ✓ In disconnection with the employment dynamic: a “French exception” (Madec, 2025)
- Material and social deprivation also increase (up to 13.1% in 2025)
- Decline in public services, which mostly hit low-income households
 - ✓ increasing perinatal mortality rate (reflecting socio-economic inequalities, DREES, 2026) while it reduces in the EU
 - ✓ worrying PISA results (even worse than in most EU countries) indicating a lack of teachers and resources
- GNI per capita: France slightly above the EU average

Greece

- Significant increases in real minimum wage between 2022 and 2026 (24.6%), but stagnation of average wage in real terms
 - ✓ between 2021-2025 the real average wage declined by 0.9%, while productivity increased by 4.3%
- Collective bargaining coverage (28%)
 - ✓ numerous working time flexibility schemes through individual agreements – 13-hour working day – high share of un(der)declared workers
- Gross national income per capita – 2nd lowest in the EU, equal to 67% of the EU-27 average
- Slight increase in inequality and poverty between 2019-2025, after a significant drop between 2016-2019
 - ✓ Greece 2nd highest poverty and social exclusion rate in the EU and 6th highest Gini coefficient among EU Member States
- Highest housing cost overburden rate in the EU

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4. Conclusion: the need for alternatives

To escape the current social and environmental race to the bottom in the name of sustainable competitiveness and militarization, there is a need for...

Social & environmental targets and regulations

- Protect and go beyond already achieved democratic, social and ecological standards
- Fiscal policy: restore progressive taxation systems
 - tax the richest and excess profit to generate resources to meet economic, social and environmental challenges
 - tax measures + sanctions to combat fiscal evasion and climate damaging emissions
- Establish strong EU and national regulations to reduce carbon emissions and pollution, reinforce corporate accountability and sanctions

Progressive social and employment policies

- Employment creation in strategic sectors & job guarantee for long-term non-employed willing to work
- Active housing policies and regulations of rents (esp. in big cities)
- Revaluation of minimum wages and minimum income guarantees

Investment in socioecological transformation and social justice

- Combine environmental policies with social justice and gender equality
- Together with full protection for vulnerable groups

Investment in public services

- Ensure their extension and improvement (esp. health, education, housing, access to food and heating)

Nationalisations in strategic sectors

- Energy, transport networks, water, etc.
- UK could be a model!

Public investment in decarbonization, depollution and infrastructures

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THANK YOU !
