



• The Social State of the Union

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Outline

- a. Assessment of the social state of the Union
- b. Important developments at the national level
- c. Recent EU policies – critical review
- d. Main directions of alternative policies



A) ASSESMENT OF THE SOCIAL STATE OF THE UNION

Jean-Claude Juncker: State of the Union Address (13 September 2017)

Main message – the financial and economic crisis is over

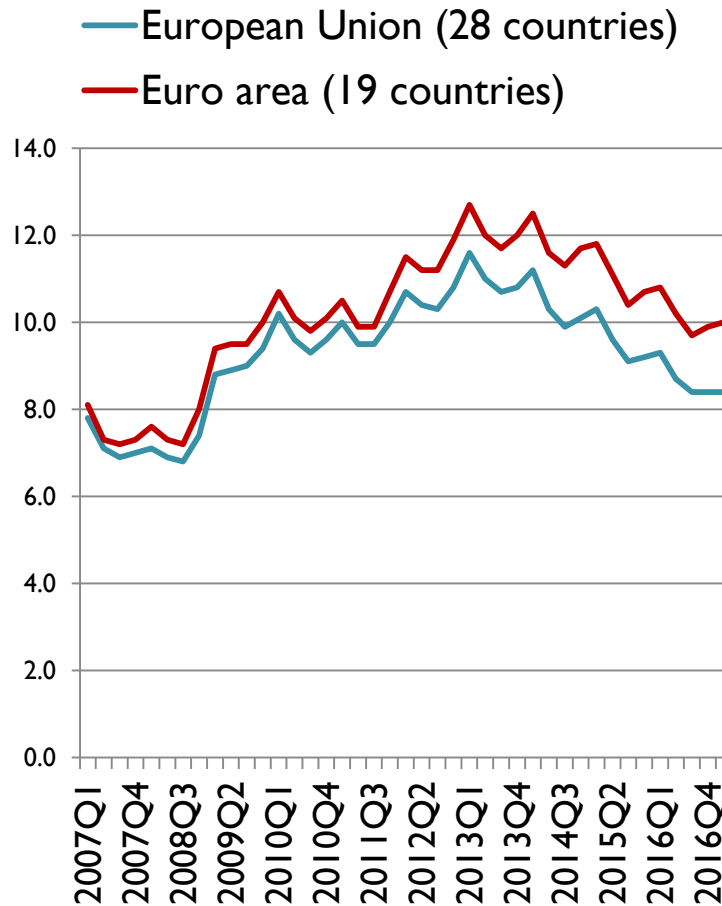
- Europe's economy has entered a steady recovery path and the pace of growth has accelerated in 2017
- More people are in employment in the EU than ever before
- Unemployment is at a 9-year low

In reality:

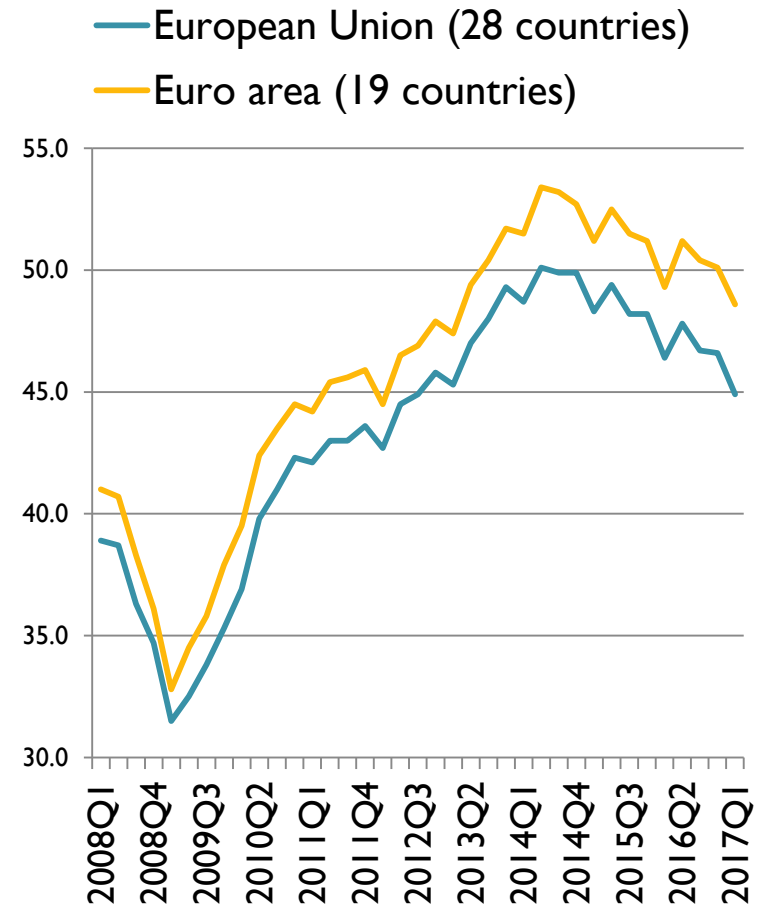
- Recovery is real after 2013 but the investment level was still 10% lower in 2016 compared to 2008 (forecast at 3% lower in 2017)
- Job growth has gradually strengthened after 2013, but
 - the pace is still lower than in the immediate pre-crisis period
 - the number of employed people in EU-28 were in 2016 only 0.4% more than those employed in 2008
- The social damages of the crisis – unemployment, poverty, income loss - have not yet been absorbed, especially in the hardest hit countries
- Neoliberal “structural labour market reforms” are advancing in big EU countries with great tradition in labour rights and collective action

The employment crisis not yet overcome, more so in the Euro area

Unemployment rate falling but still above the 2008 level

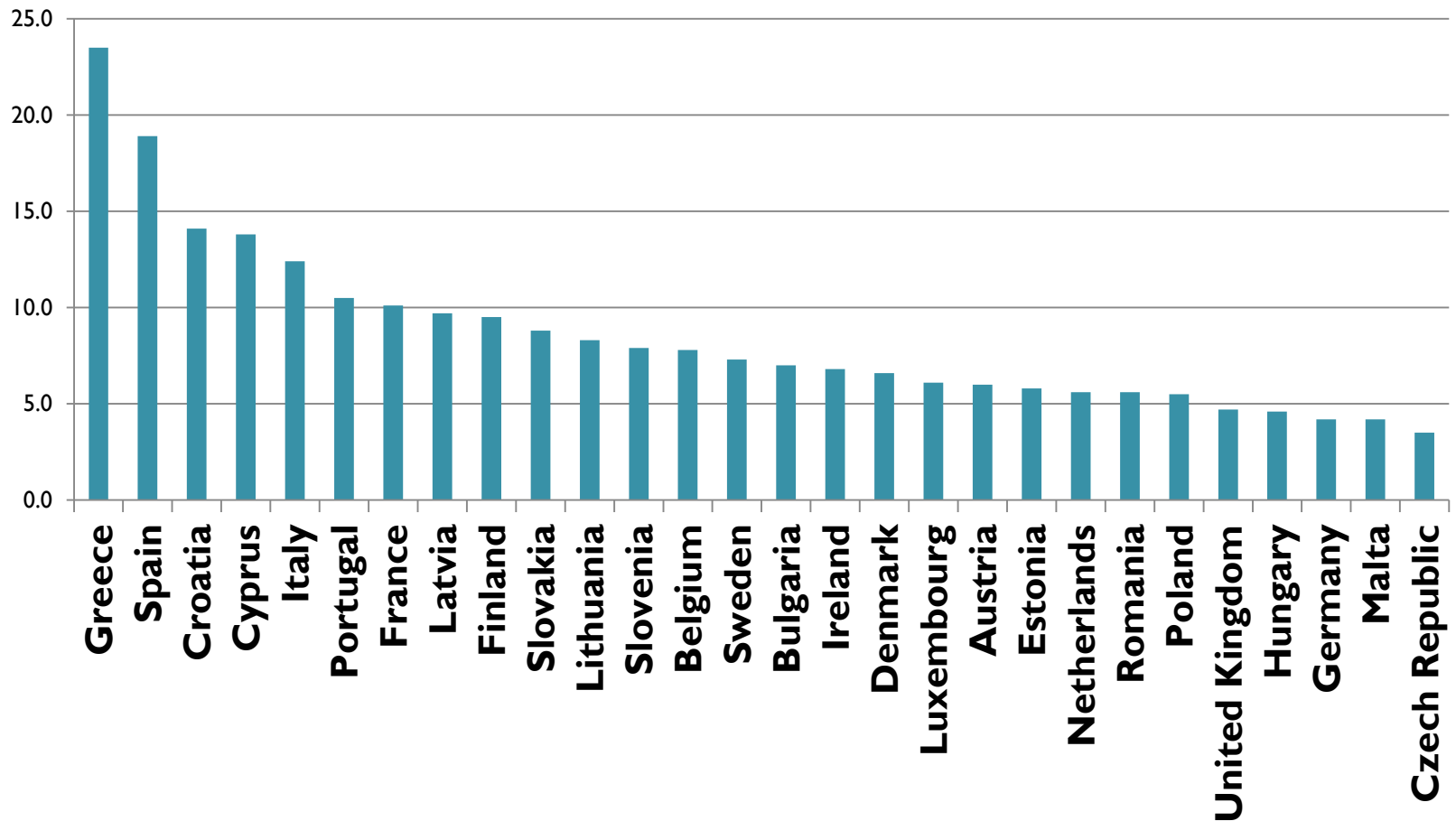


Share of long term unemployment persistently high



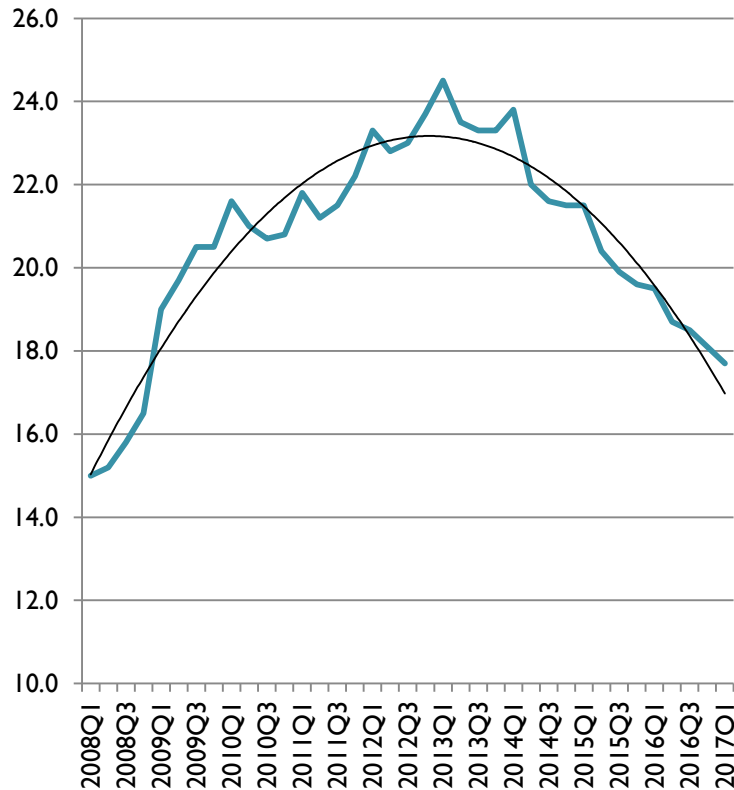
Huge disparities in unemployment rates among EU MS

Unemployment rates in EU 28
first quarter 2017

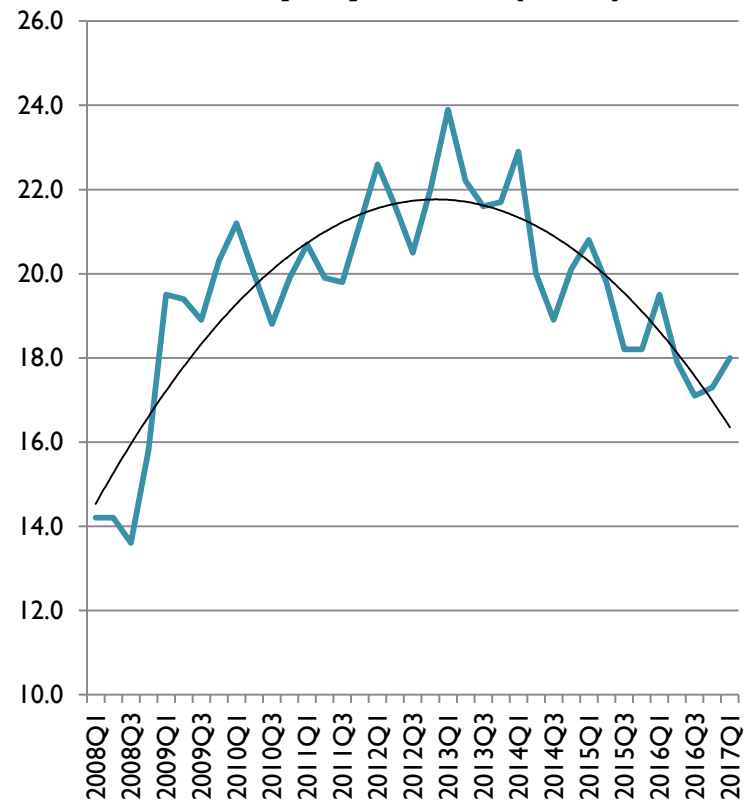


Unemployment rates among youth and foreign workers born outside the EU unacceptable

Youth unemployment rate falling since 2013, but still very high (18%)

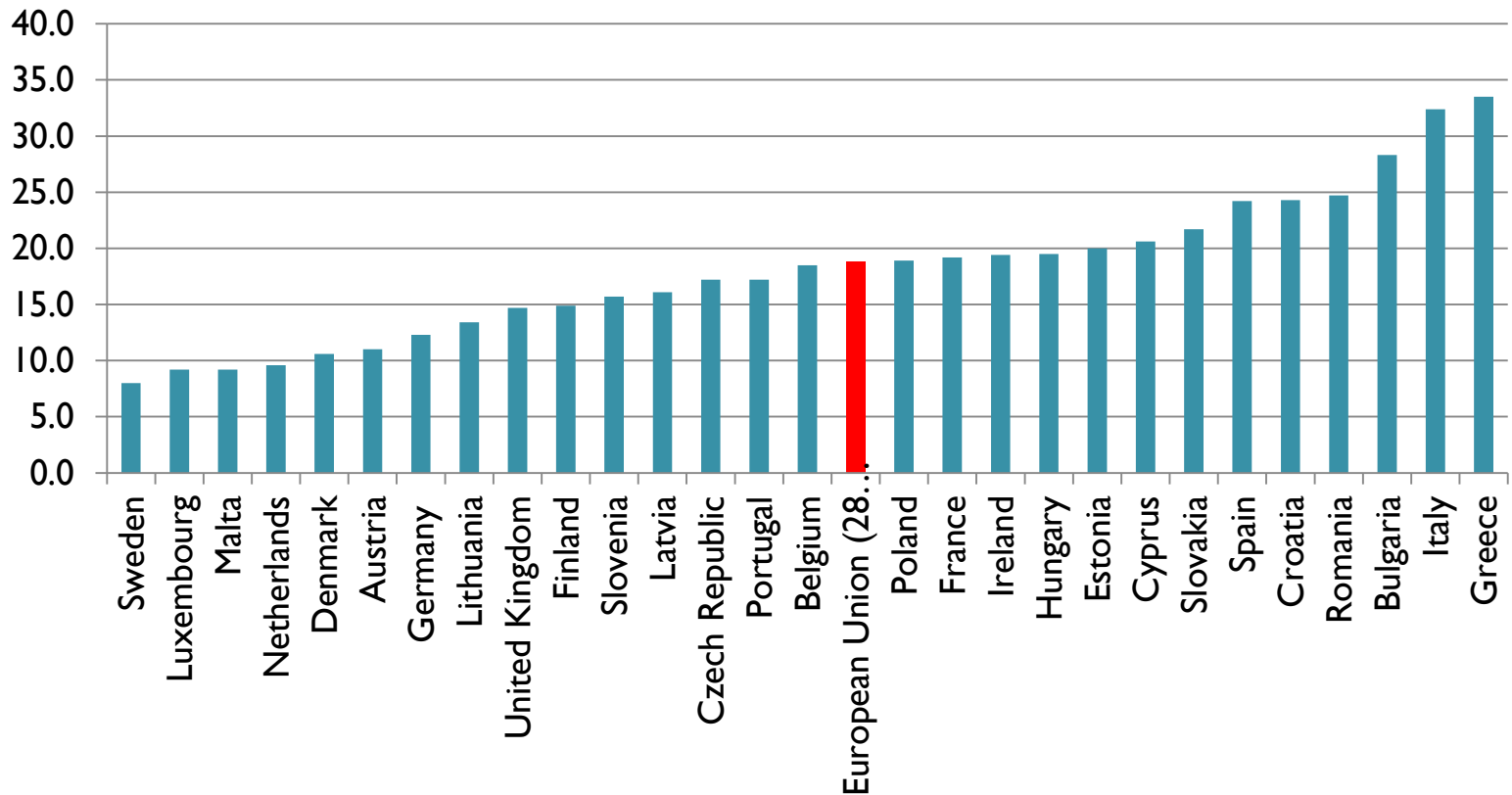


Extra EU-28 workers face the same risk of unemployment (18%)



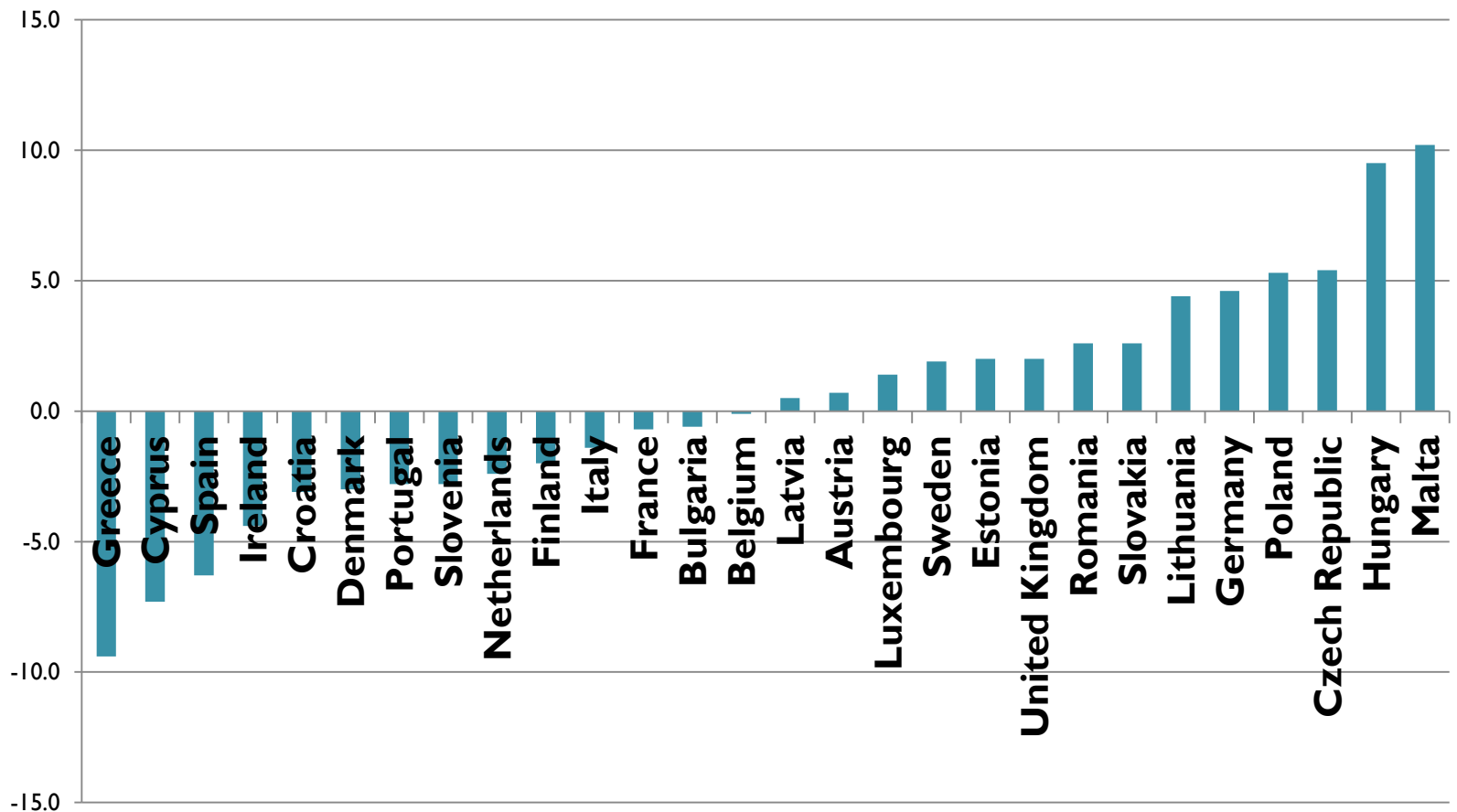
19% of young people aged 25-29 not in employment, education or training in EU-28 (24% of young women)

**NEET rates for young people aged 25-29 years
2016**



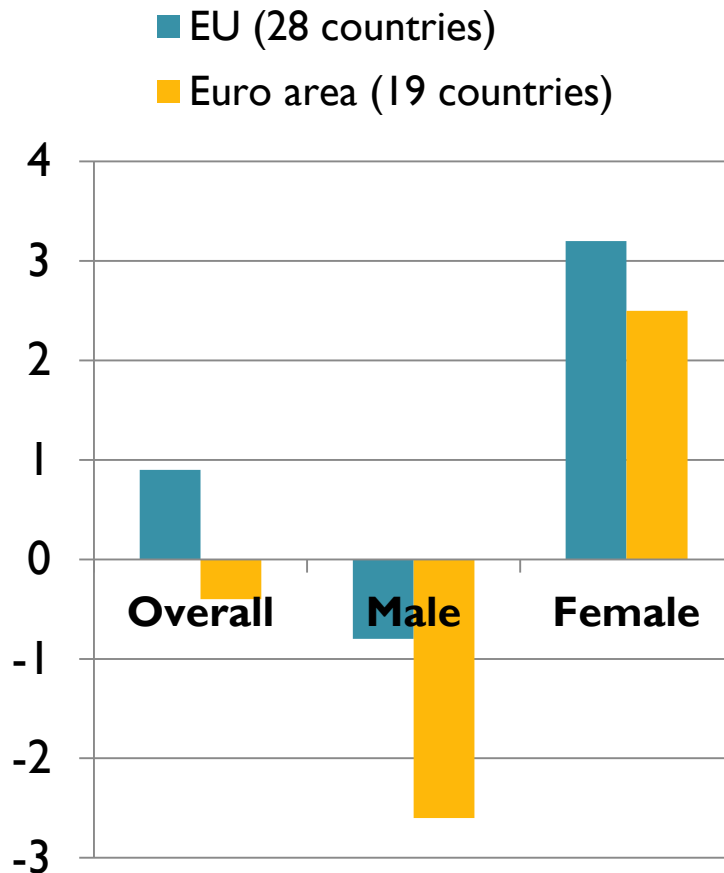
Employment rates still below their pre-crisis levels in half of EU-28 countries

■ Variation in employment rates 2007/8 - 2016

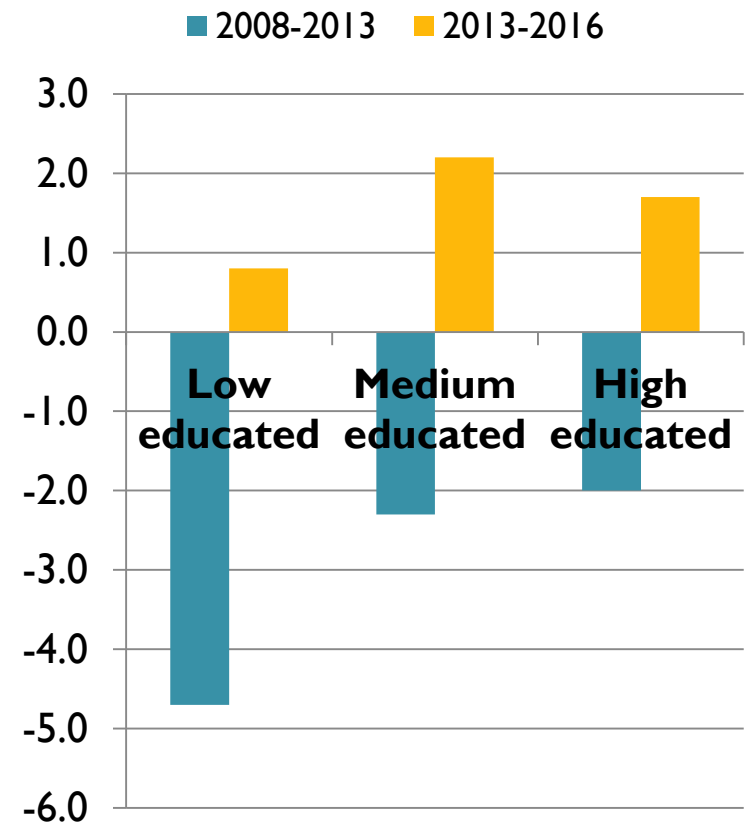


Male employment rates have not fully recovered; low-educated workers are struggling to find their way back to employment

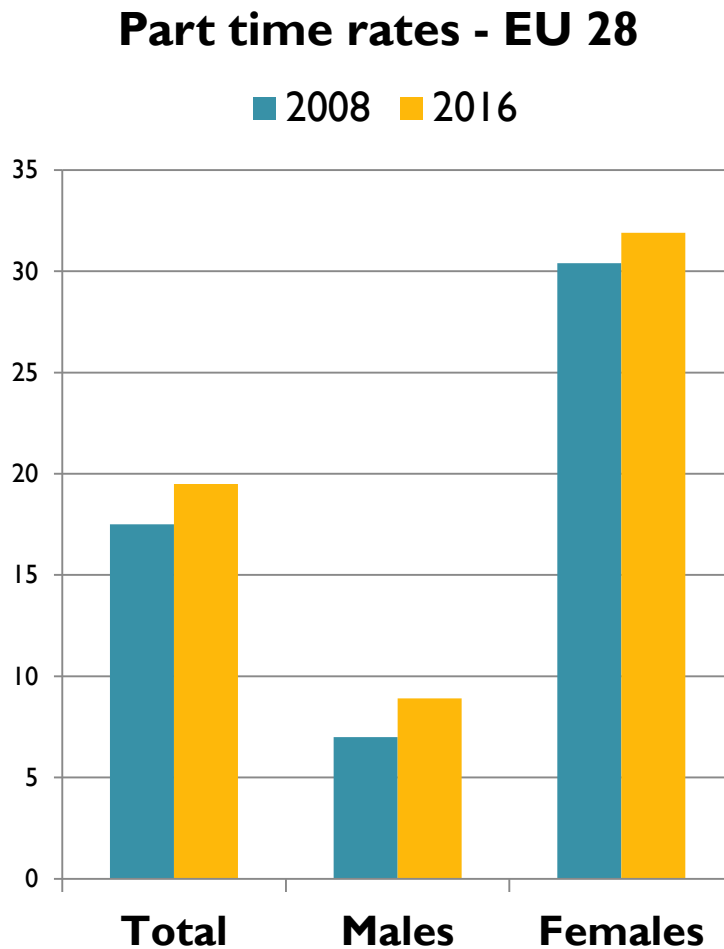
Employment rate by sex
Variation in p.p. 2007/8 - 2016



Employment rate by educational attainment
Variation in p.p.



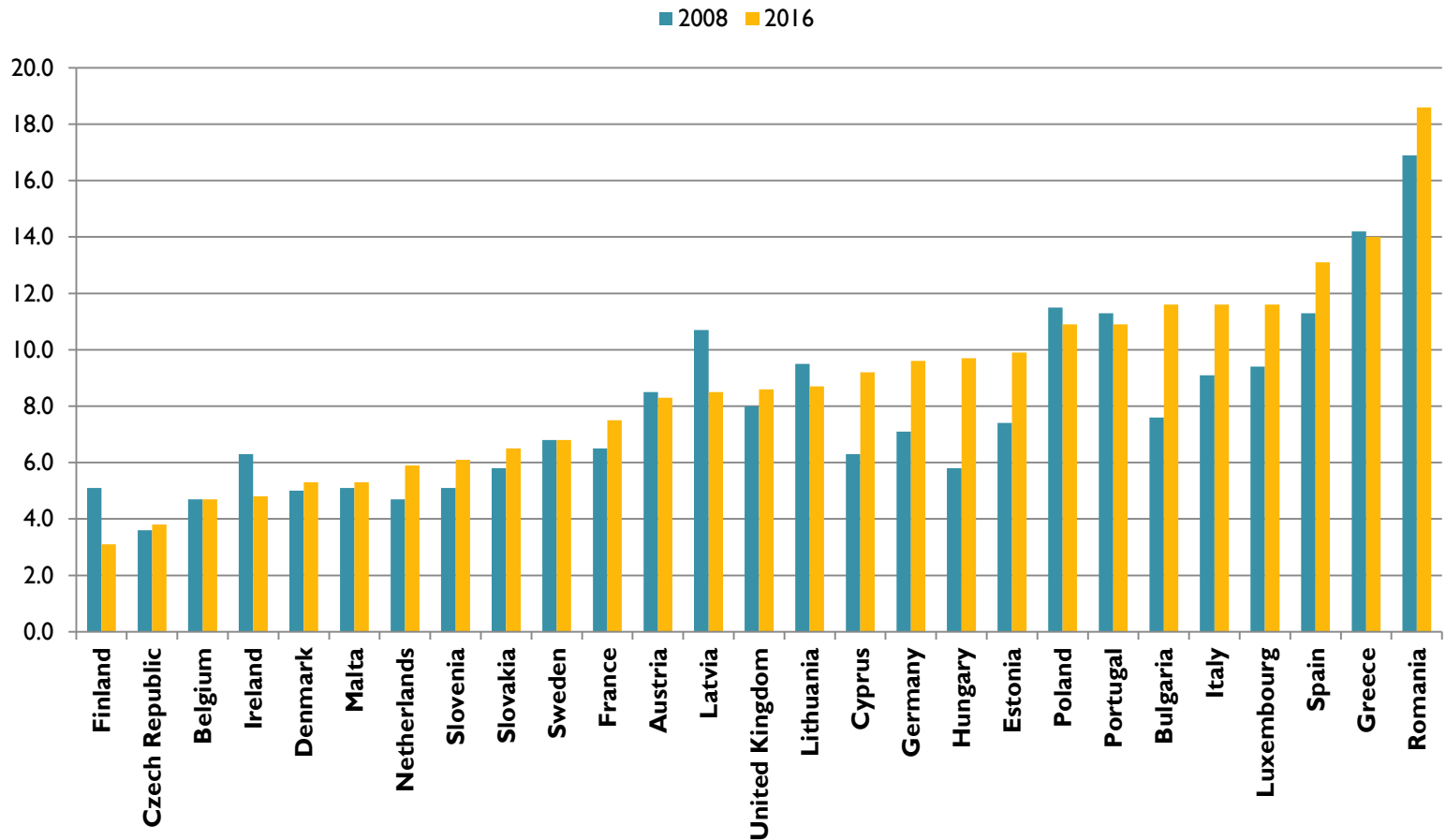
Part time rates on the rise; increasing numbers of workers in atypical forms of work



- Project/contract (independent) workers
- Posted workers
- Teleworkers
- ICT mobile workers
- Workers for e-platforms and the gig-economy (independent short

In-work poverty has increased during the crisis in most of EU MS

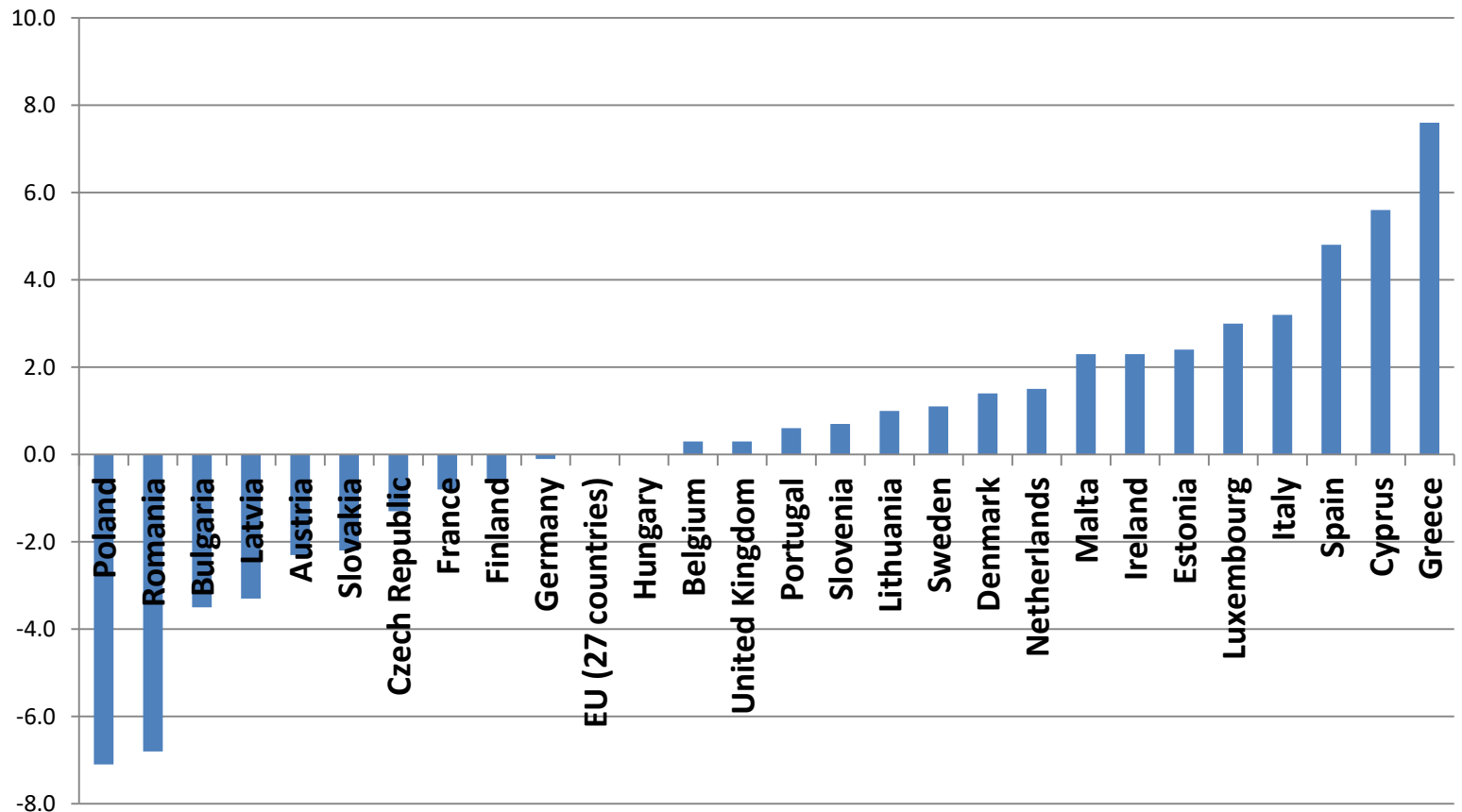
In-work poverty rate in the EU 2008, 2016



Poverty and social exclusion above 2008 levels in the majority of EU MS

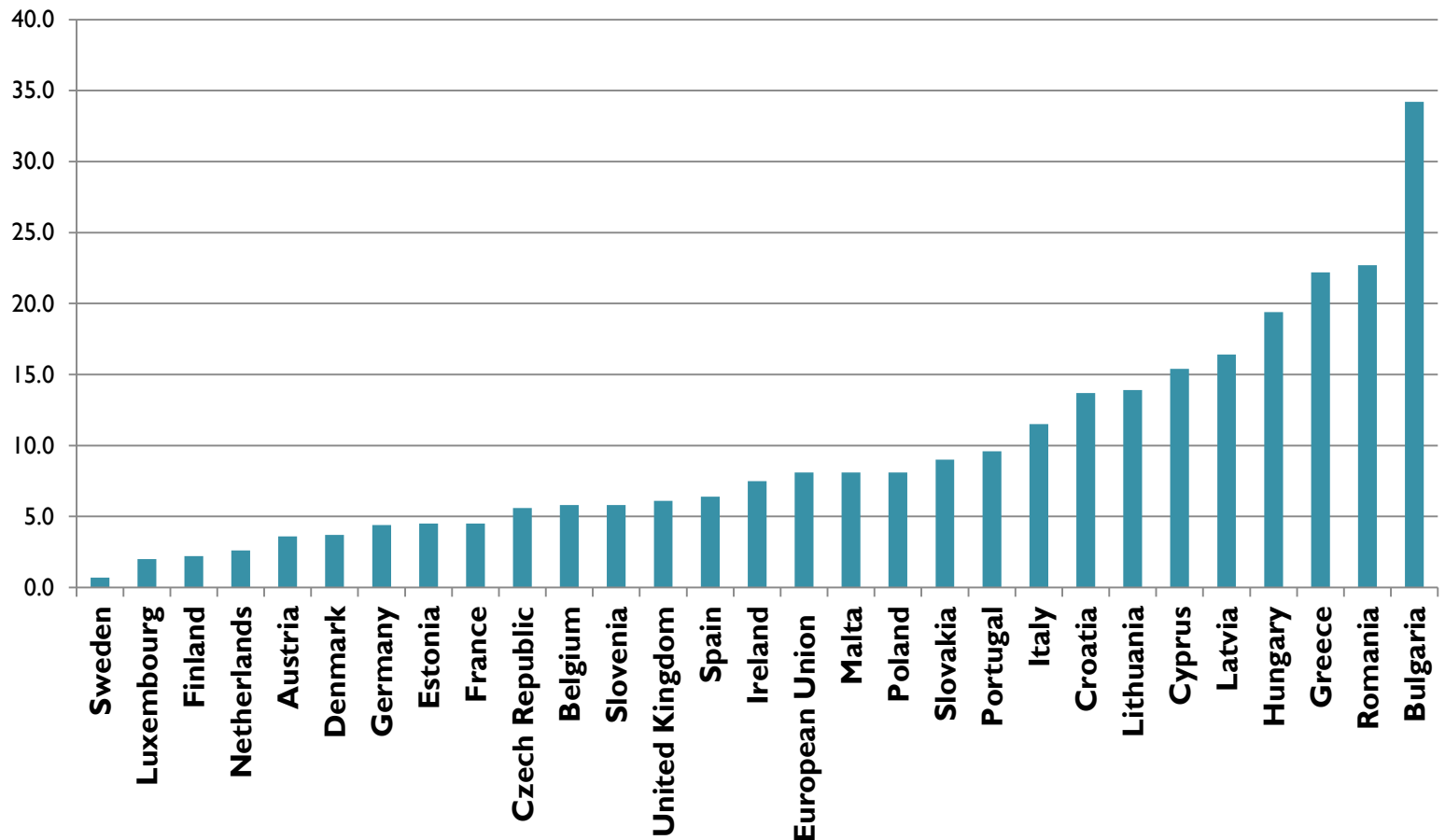
At-risk-of poverty and social exclusion rate

Variation 2008-2015 (in p.p.)



Huge disparities in the extent of material poverty among EU MS

Material deprivation rate (%) in 2015





B) POLICY DEVELOPMENTS AT THE NATIONAL LEVEL

Neoliberal LM reforms continue unabated across the continent

- Not only in the programme-countries of the South and the periphery under the pressure of the troika
- Even in big EU countries with centre-left governments

Italy: Jobs Act (2014)

France: El Khomri law (August 2016), recent Macron decrees (September 2017)

Common aim: **reduce labour costs + union power**

- Decentralizing collective bargaining at firm-level (wage and working time flexibility)
- Easing dismissals of permanent employees (employment flexibility)

The Greek left government seems to swim against the tide:

Agreement with creditors to bring back the precedence of collective over firm-level agreements after the end of the 3rd Economic Adjustment Programme (August 2018)

Link with EU policies

- Wage, labour market and social policies are the competence of national states and social partners –

Influenced by

- Internal factors: nation-specific economic and social problems and institutional set-up, economic policy ideas of governments and elites, the political economy in each country, balance of forces between capital and labour
- EU policies: Macroeconomic Imbalance Procedure (MIP) and the European Employment Strategy (EU 2020 Strategy) through the European Semester process
 - The nominal unit labour cost is the key indicator of cost-competitiveness under the MIP, annually assessed in the framework of macro-economic surveillance, while wages are considered the key adjustment variable for cost-competitiveness
 - The EES asks the Member States to encourage wage-setting mechanisms which take into account divergences in economic performance across regions, sectors and companies, indirectly attacking national and sector-level bargaining for not being responsive to local circumstances or the situation of firms.
 - The EES also explicitly mentions that “employment protection rules, labour law and institutions should all provide a suitable environment for recruitment” pointing to protective legislation as responsible for unemployment



C) RECENT DEVELOPMENTS IN EU POLICY– CRITICAL REVIEW

Main initiatives of the Juncker Commission on the social dimension of Europe (2016-2017)

- New Skills Agenda (2016) and Council Recommendation on Upskilling Pathways for low-skilled Adults (2016) – literacy, numeracy, digital skills
- Council Recommendation on the Integration of the Long-Term Unemployed in the Labour Market (2016)
- Action Plan on the Integration of Third Country Nationals (2016)
- European Solidarity Corps (2016)
- Amendment of the Posting of Workers Directive (2017) – very positive – based on the principle equal pay for equal work at the same place

European Pillar of Social Rights (2017) and accompanying initiatives

- Work-Life Balance initiative for Parents and Carers (2017) – paid paternity & parental leave – currently discussed at European Parliament and Council
- Access to Social Protection initiative for people in all forms of employment (2017) to ensure that self-employed and gig-economy workers are covered by social security – ongoing consultation with social partners
- Revision of the Written Statement Directive (2017) – clarity in the terms of the contractual relationship - ongoing consultation with social partners

Jean-Claude Juncker: State of the Union Address (13 September 2017)

Scheduled key initiatives in EU employment and social policy:

- Adoption of the European Pillar of Social Rights at the Social Summit in Gothenburg (November 2017)
- Integration of the social scoreboard of the European Pillar of Social Rights in the European Semester of economic policy coordination (December 2017)
- Creation of a Common Labour Authority to ensure fair mobility in the Single Market (2018)
- Reform EU asylum and migration policy (2018)

European Pillar of Social Rights - Critical review (I)

Pros

- First time since the beginning of the crisis that we (a) turn from **economic adjustment** to **social rights** and (b) discuss how to ensure **upward social convergence** in the EU limiting the risk of social dumping or a race to the bottom
- The need to **repair the social damage** of the economic crisis is recognized and the aim for **real convergence in the EMU** is reaffirmed against a backdrop of divergence
- The Pillar provides a significant opportunity for progressive forces in Europe (a) to develop a **counterweight to the economic rationale** that has dominated EU governance (European Semester) and prioritize social objectives (b) use the Pillar as a springboard to claim the **expansion of social acquis**.
- By introducing the **social scoreboard** in the European Semester, it imposes regular monitoring, reporting and benchmarking of EU MS economies' **performance on social objectives**.

European Pillar of Social Rights – Critical review (II)


Shortcomings

- The Pillar is rather a list of general social policy principles and guidelines than a tool for extending legal rights and obligations. An atypical, not legally binding act and not creating any enforceable rights
- Lack of clarity over implementation. How will these rights be made a reality and who will deliver them? Given that social policy is a MS competence how will the issue of subsidiarity dealt with?
- Unclear connection with existing policy frameworks, particularly EU2020, the Social Investment Package and Active Inclusion Recommendation
- Limited mention of poverty and social exclusion as key priority, with not mention of the poverty target of Europe 2020 or how it will ensure a significant impact on poverty
- Limitation to the Eurozone promotes a two-tier Europe on social rights
- Accompanying initiatives do not have a large scope, with the exception of the Access to Social Protection Initiative for all atypical workers, not only temporary and part-time employees.



D) What policy alternatives? Directions

No alternatives can be pushed forward without reinforcing progressive social and political movements as well as democratic and representative institutions and bodies at the national and EU/European level

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- Reverse austerity policies to create fiscal space for combating unemployment and poverty and financing the welfare state and the ecological transformation of the economy
 - Introduce binding social targets on an equal footing as economic and fiscal targets in the macroeconomic surveillance process
 - Defend collective bargaining, reverse the decline in the participation of workers to unions, provide access of all workers to social security and social services.
 - Update existing social standards, establish and enforce new social rights at the EU level (European minimum wage, minimum pension, access to quality education and healthcare etc.)
 - MS with overall, youth and long-term UR above the European average (a) become eligible to funding from the Juncker Plan in support of the unemployed (b) their public spending on Active Labour Market Policies is exempted from the calculation of primary deficit/surplus of general government budget.
 - Introduce EU-wide social redistribution to combat poverty and social exclusion by increasing the EU-budget
 - Reform European asylum and migration policy in the direction of more solidarity and respect vis-à-vis asylum seekers and other migrants (legal routes, reception, financial support, integration policies) and between EU MS to share the immediate and short-term costs of inflows