

Progress in Social Europe

Synthèse

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After a period close to stillstand for almost a decade the revival of European labour and social policies started with the proclamation of the European Pillar of Social Rights (EPSR) in 2017 at the Gothenburg Social Summit. The EPSR was adopted at a moment when the social impacts of the Great Recession and the Sovereign Debt Crisis were fully visible and threatened the legitimacy of the EU project – all the more so as EU economic policies had contributed to people’s social hardship. The proclamation of the pillar reflects a rethink in this regard, highlighting social convergence, addressing inequality and support for the vulnerable, away from an exclusive focus on competitiveness. It emphasizes the importance of labour and social protection for all people regardless of their type of labour contract and of proactive support for labour market transitions. At the same time, gender equality and social dialogue remain important EU priorities.

After the proclamation of the EPSR, the change in policy orientation had to be translated into concrete action. The policy developments following the ESPR could build on earlier initiatives such as those on posting workers, the youth guarantee, the social investment package and the proposal for an European unemployment insurance. Following the adoption of the EPSR the Commission launched important social policy initiatives. To name a few: directives on minimum wages and collective bargaining, on the rights of platform workers, on gender related pay transparency as well as on the responsibility of firms for labour rights in their respective value chains. The protection of posted workers was substantially improved (in contrast to the failure to get strengthened social security provisions for mobile workers through the Council). The EU now recommends Member States equal social protection for all

people in employment and adequate minimum income together with labour market support and access to services. Some of those initiatives were, however, considerably weakened during the adoption process.

The greater emphasis on social convergence also applies to economic policies and instruments. Economic policy coordination is now expected to consider inequality, social protection and job quality, not just fiscal stability and competitiveness. The Covid pandemic was an opportunity to draw lessons from the policy failures during the Great Recession and the following Sovereign Debt Crisis. The European instrument for temporary Support to mitigate Unemployment Risks in an Emergency (SURE), supported job retention schemes across the EU and contributed to avoid the re-emergence of massive social and employment divergence as in the Great Recession. In conjunction with the changed policy coordination process the Recovery and Resilience Facility (RRF) is used to promoting employment, gender equality, childcare and social inclusion as a response to the social impacts of the COVID crisis as well the greening of the EU economies. The Just Transition Fund and the Social Climate Fund have been established to support the Greening Agenda.

By the end of the present EU mandate a broad set of legislation and policy as well as funding tools have been put in place. Adoption is not enough. Implementation of these measures, including assessment of progress, will be an important task in the new EU mandate. At the same time, some policy priorities can be identified where further development is required and likely to happen.

1. New technologies, in particular AI, are developing rapidly and the existing EU legislation is only in its infancy. Beyond platform work, AI is extending to many economic activities and many of the issues covered in the platform regulation and the AI-Act will come up again: definition of workers, the limits of control by AI, the principle of human oversight, the health and safety implications, in particular for mental health, the right to disconnect.

2. The EU highlights now social convergence, fighting inequality and support for the vulnerable. These concepts should not remain words: inclusion must guide EU

programs, social protection, skill development and labour market transitions (“Nobody should be left behind”). The lessons from the failure of EU policies in the Great Recession and success in the Covid crisis should not be forgotten. It is worrying how rapidly the proposal to transform SURE into an easily mobilized crisis intervention tool has disappeared just because unemployment is low and funds are presently available. To this end, important proposals have been made to transform SURE, increase the budget of the Social Climate Fund and create an EU unemployment insurance - a stabilization mechanism that Mario Draghi supported in 2018, saying: "It's the right thing to do". Social policy makers should not shy away from supporting EU level own sources for funding of such programmes and could point to the Social Climate Fund as example.

3. Implementing pay transparency and encouraging a more equal sharing of paid and unpaid work will contribute to progress on gender equality. The issue is getting more and more urgent for economic and societal reasons so one could think about complementing the present target on the gender gap in employment with targets on the gender gaps in pay and hours worked.

4. Tensions around labour mobility and posted workers seem to have calmed down somewhat as wage and income differentials within the EU are declining. Many of the rising number of posted or mobile workers from third countries are poorly protected, as are the more vulnerable workers in care and transport activities, who often work in an isolated position highly dependent on their employer. Rigorous implementation of the existing regulations would help a great deal but new measures on guaranteeing social security rights and the protection of posted third country nationals might be needed. Expectations in the revision of the mandate of the European Labour Authority (ELA) are high concerning reinforcement. A flexible system that allows the faster recognition of skills and competencies could improve prospects for mobile workers and reduce labour shortage – as pointed out in Enrico Letta’s Report on the Single Market.

As for the renewed concern about competitiveness, one can only hope that the lessons of the past will not be forgotten, as M. Draghi so clearly summed up in his

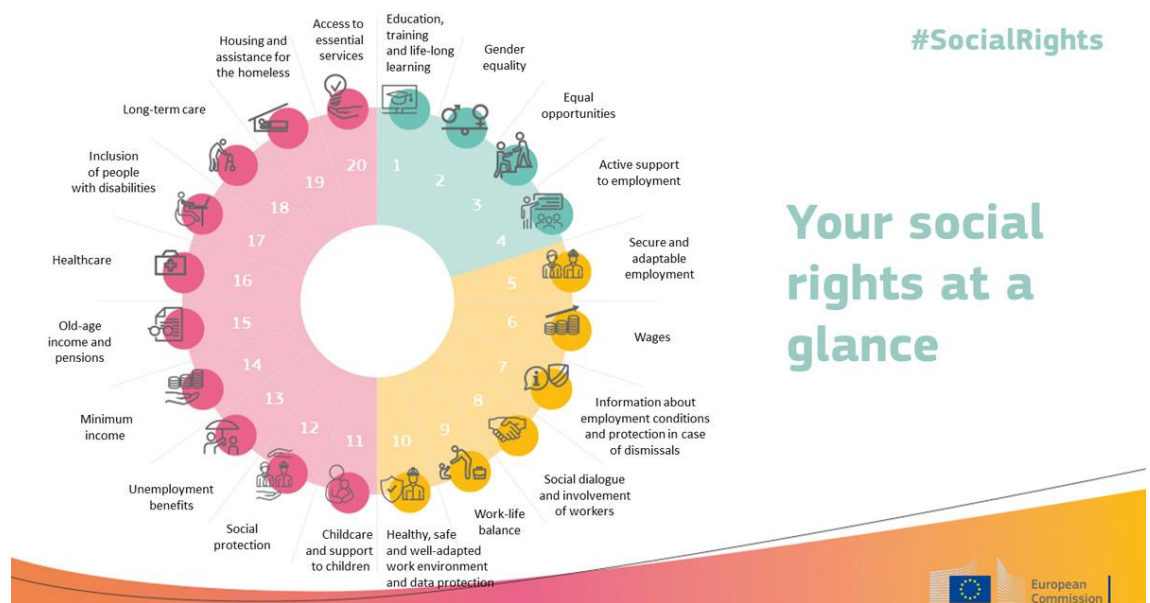
speech at the La Hulpe conference on the ESPR in April 2024: "We pursued a deliberate strategy of trying to lower wage costs relative to each other and combined this with a pro-cyclical fiscal policy - the net effect was only to weaken our own domestic demand and to undermine our social model". It is good news that the La Hulpe Declaration reaffirmed the commitment made in the ESPR and listed priorities for action, including the mainstreaming of social objectives in economic policies.

5. The ecological transformation of our economies will accelerate and the international environment including wars in the European neighborhood will continue to be challenging. This changes the priorities for the EU already. Social policies might seem under these changing circumstances of lesser urgency but the truth is that they become even more relevant and needed: social and labour policies are important complements to those broader challenges exactly because they address economic insecurity and can improve productivity.

The European Pillar of Social Rights (EPSR) – a game changer?

The EPSR proclaimed at the Gothenburg Social Summit in 2017. While some saw it as a significant step forward, others were more skeptical. The European institutions, including the Parliament, Commission and Council, as well as the member states and European social partners, have committed to implementing the 20 principles of the EPSR within their respective areas of responsibility. The EPSR principles cover three broad areas of labour and social rights under the headings: equal opportunities, fair working conditions and social protection and inclusion. Some express rights of individuals, "*everyone has the right to quality and inclusive education, training and life-long learning*" (principle 1), or rights of workers, "*workers have the right to fair wages that provide for a decent standard of living*" (principles 5, 6, 7), others are drafted as an instruction on the purpose of policy institutions: "*Equality of treatment ... between women and men must be ensured and fostered*" (principle 2), "*Adequate minimum wages shall be ensured*"(principle 6), "*Access to social housing or*

housing assistance of good quality shall be provided for those in need" (principle 19), similarly on minimum income "ensuring a life in dignity" (principle 14).



The EPSR opens new territory by requiring *good quality* for jobs, education and essential services and by demanding to prevent precarious working conditions, giving priority to permanent contracts and prohibiting abuse of atypical contracts. It also asks for measures that enable people to manage labour market transitions. The EPSR is accompanied by a social scoreboard – indicators to assess progress made by member states and the EU in achieving the objectives of the EPSR. The scoreboard has recently been revised (see: future policy orientations).

In contrast to the Charter of Fundamental Rights which covers areas of EU competence only for which it is binding for the European institutions and member states when implementing European Union law, the EPSR is a political declaration which covers EU and national competence but requires additional action. The preamble to the EPSR document explains: "For them to be legally enforceable the principles and rights require first dedicated measures or legislation to be adopted at the *appropriate* level."

One should not forget that though the Charta was binding for the EU institutions application differed greatly in the decades following its adoption. The EU has a long history of progress, stagnation and even regress in employment and social policies. Should progress in social policies at EU level become more difficult in coming years, it is worth remembering that

programmatic texts can put pressure on policy makers and that policy evolution is not a linear process.

The EPSR was adopted at a moment when the social impacts of the Great Recession and the following Sovereign Debt Crisis were fully visible and they had started to threaten the legitimacy of the EU project altogether. The most important was the collapse of social convergence¹ between South and North in the “old EU” but tension between East and West was rising as well. Broad groups of the population felt confronted with uncertainty resulting from globalization, deepening economic integration and new technologies. Furthermore, they felt that the EU's economic policies had not adequately addressed these issues or, in some cases, had exacerbated them. A policy change was necessary. The Commission and the EU as well as the IMF were latecomers in this respect. The OECD in particular had recognized relatively early the social and economic risks associated with rising inequality. The EPSR documents such a change in the economic policy thinking in the EU. Previously, the focus was on competitiveness, which led to a demand for "neoliberal" reform. Mario Draghi, in his speech at the La Hulpe Conference on the ESPR, explained clearly how the competitiveness concept weakened economic recovery and undermined the welfare states in Europe². With the EPSR, rising inequalities and growing uncertainty among major groups of the population were recognized as a threat to cohesion and to economic performance. Low-income groups suffered heavily during the great recession and were the last to benefit from the recovery, and this after two decades in which the highest income groups saw their income and wealth rising far more than the bottom. Already before the Great Recession, less well-educated individuals, many working women with children, migrants and the young had fewer secure

¹ In 2007, unemployment rates across the EU and the euro area had converged to a margin of 2–3 percentage points around an average of around 7 per cent. By 2010, the differences were massive, and in 2016 after some years of recovery the difference between the average unemployment rate and the rates of Spain and Greece was over 10 percentage points. Low levels of economic activity had increased not only monetary poverty but also the share of households being deprived of certain basic goods and services. This is measured as the share of households experiencing severe material deprivation (SMD). By 2016 this share had doubled in Southern European countries reaching over 20 per cent in Greece and over 10 per cent in Italy and Cyprus. Some Central and Eastern European countries displayed similar levels of SMD but it had declined even over the crisis period.

² Mario Draghi at the La Hulpe conference on the ESPR on 16 April 2024: “In 1994, the economist, Nobel-prized, Paul Krugman called focusing on competitiveness a “dangerous obsession”. His argument was that long-term growth comes from raising productivity, which benefits everyone, rather than through trying to improve your relative position against others and capture their share of growth. The approach we took to competitiveness in Europe after the sovereign debt crisis seemed to prove his point. We pursued a deliberate strategy of trying to lower wage costs relative to each other – and combined this together with a procyclical fiscal policy - the net effect was only to weaken our own domestic demand and **undermine our social model** (bold by author). The key issue is not that competitiveness is a flawed concept. It is that Europe has had the wrong focus.”

jobs, low earnings and were less well covered by social security. The spread of atypical forms of employment accentuated the crisis impacts as those workers were more likely to lose jobs and to be re-employed at more precarious conditions.

The proclamation of the pillar reflects a rethink, emphasizing the importance of labour law and the need to extend social protection and offer labour market support³. To make this policy change credible, the EPSR had to be put into action. The Commission could build on work previous to 2014 to address social hardship resulting from the crisis. Access to the Structural Funds was simplified for the states most hit by the crisis. The Youth Guarantee and the Youth Employment Initiative as a funding instrument, were introduced as well as the Fund for European Aid to the Most Deprived (FEAD).

Indeed, the Juncker Commission launched several labour and social policy initiatives rather quickly as there were several important proposals ready which were blocked for almost a decade. The following Commission under Ursula von der Leyen, and Nicolas Schmit as responsible Commissioner, established an ambitious programme of implementing the EPSR and used the EU response to the Covid crisis and the Greening initiatives to establish relevant instruments to address social divergence and support upwards convergence.

Why should the EU take action in the labour and social field?

The underlying drivers of rising inequality and economic insecurity are economic and societal trends such as globalized market, digitalization and ageing – that are of universal nature not specific to the EU 27 while social and employment or education policies are mostly national. So where is the specific need for EU action? The very first answer is rather simple – Europeans associate Europe with their employment and social prospects and expect the EU to act accordingly. In many surveys, EU citizens consider EU action on poverty and unemployment desirable. This reflects not only that they expect support from the EU when they endure severe problems at home, but also that they do not feel safe when their neighbours suffer serious hardship or high unemployment. In addition to coordination of

³ See for example Georg Fischer, « Social Europe - the Pillar of Social Rights » in *Structural Reforms for Growth and Cohesion. Lessons and Challenges for CESEE Countries and a Modern Europe*", Edward Elgar, Cheltenham, Northampton, 2018.

efforts and mutual learning, there are three more specific reasons for social policy action at EU level.

1. *Single Market*: While broad economic and even social trends are global, the way they impact on member states and their population goes through the existence of an integrated market covering goods, services, capital and people. The single market has arguably increased economic activity in Europe and improved social welfare overall but there are sectors, regions, companies or people that are negatively affected by rapid structural change or faster concentration of economic activity. The European Social Fund was originally introduced to provide support for workers who suffer from the enhanced competition resulting from establishing the common market. Also, national policies to prevent or mitigate labour market disruptions for individuals and to help them to adapt need to consider EU market integration. Conversely, European policies should ensure that the single market does not hinder social progress but supports it which is not at all automatically the case as most recently explained in Enrico Letta's report *Much more than a Market*. The EU uses its strongest instrument - regulations - to guarantee free movement of workers and their equal treatment in employment, as well as to ensure that workers' social security rights are not disadvantaged when moving between Member States. The strongest Single Market related social policy action concerns the rights of workers moving between Member States. The directives on health and safety in the workplace can easily be understood to contribute to a fair level playing field in the Single Market. Equal pay for women and men legislation appeared early in the history of the European Community. Social security rights for mobile workers have also been an early legislation supporting free movement of workers. The UK as an EU member was vocal on the need to restrict worker's entitlements to benefits. While Brexit might have made it easier to adopt some labour policies, it has not resolved the underlying issues surrounding labour mobility (see below).

On the other hand, there are regularly complaints that EU single market rules are harmful to national labour and social policies. For example, Enrico Letta's report notes that the definition of social housing used in EU competition policy is too narrow and constraints public housing policies⁴. In particular EU rules and judgements on free movement of services (regarding

⁴ Enrico Letta, *Much more than a market. Speed, Security, Solidarity*, report presented to the European Council on 18 April 2024, p. 99. <https://institutdelors.eu/en/publications/much-more-than-a-market/>

posting and public procurement) has been seen as interference with national labour policies, protection for workers and collective agreements (see below on posted workers).

2. The *Single Currency* makes this even more burning as it limits member states scope for economic and fiscal policy. The Great recession was a prime example for this interaction. The application of the EU fiscal and monetary policy rules has prolonged the Great Recession compared to the USA. It also contributed to social hardship and to social divergence in the EU, as described before, through the interference of the creditors in Southern European countries. The EU had and still has to find ways to share the benefits of the Single Currency (and of the Single Market) in a fair way. Already during the Barroso Commission proposals for an EU fiscal capacity were developed including different models for European level Unemployment Insurance⁵. This paper does not go into the discussion of changing the Euro Area fiscal rules and developing an EU level fiscal capacity but we will come back to the question whether social programmes could be used as EU level stabilization measures when discussing the RRF and SURE.

3. The *East–West* divergence is actually about the pace of convergence and wages are clearly at the centre. It will take a relatively long time for earnings and incomes in Central and Eastern Europe to come close to those of their respective neighbouring Western European countries. This has led to two types of concerns: first, the risk of a race to the bottom through the erosion of standards, particularly in Western European countries; and secondly, the challenge of retaining the more active, better-qualified labour force, which hinders the capacity of Central and Eastern European economies to catch up. Both the brain drain from East to West and the income/wage gap still produce tension, even if the latter seems to be less divisive today. Differentials in wages and working conditions were at the heart of the demand by richer Member States to restrict the posting of workers (and earlier for transitions period regarding free movement of workers for CEE accession). The 2018 revision of the posting worker directive together with new labour market conditions (see below) seem to have calmed the disputes but not ended them.

⁵ See an early summary of the proposals in Laszlo Andor and others: www.intereconomics.eu/contents/year/2014/number/4/article/designing-a-european-unemployment-insurance-scheme.html (2014).

Policy initiatives 2016-2023

The following section reviews EU measures during the Juncker and Van der Leyen Commissions in the following subsections: free movement of workers, labour and gender equality legislation, social protection and economic policy coordination and mostly Covid-19 related funding measures to address unemployment and social hardship.

Free movement of workers

Initiatives on labour mobility

Posting Enforcement Directive (2014/67/EU)

European Labour Authority (ELA)

2018 the Posting directive was revised (2018/957)

2020/1057 for the road transport sector

In this area, the most important action was taken on posting of workers (which formally belongs to services as companies provide services by sending workers). There was strong pressure for action resulting from CJEU (among them the Laval and Rüffert cases). Already in 2014, the *Posting Enforcement Directive (2014/67/EU)* was adopted which strengthened information, control and administrative cooperation requirements and the position of workers against retaliation by their employers. It also extended protection to situations of subcontracting. In 2018, the Posting directive was revised (*2018/957, 2020/1057 for the road transport sector*.) The directive broadened applicable terms of employment including remuneration (not just wage) following the principle of equal pay for equal work at the same place, and strengthened the rules on temporary agency work and long-term posting (after 12 + 6 months, labour law of the host country applies). The Commission proposed to revise social security coordination to clarify applicable legislation (host or sending country – not irrelevant as contributions rates can differ widely) and the rules on the export of unemployment benefits. Despite of a provisional agreement between Council and EP in 2021, the file is still on hold. Posting and social security coordination are extremely complex areas. There are many ways how employers can bypass conditions favourable for posted workers

(who are often in a weak position and highly dependent on their employer) thereby also undermining fair competition.

What can be done if unfair competition and mistreatment of workers continue even under stronger legislation? Should the rules be further revised or should they be enforced with greater rigour? Research indicates that significant progress could be made if regulations were more rigorously enforced⁶. The Juncker Commission established the *European Labour Authority (ELA)* to assist Member States in enforcing EU rules on cross-border mobility and social security. ELA monitors developments, facilitates cooperation between national authorities, shares information, organizes capacity building and joint or concerted inspections and mediates in case of disputes.

Labour Law, wage setting and gender equality in the labour market

Initiatives on labour law

Directive on transparent and predictable working conditions (2019/1152)

The Minimum Wage Directive (2022/2041)

Directive on improving working conditions in platform work (prov agreement:7212/24)

Guidelines on the application of Union competition law to collective agreements regarding the working conditions of solo self-employed persons

Proposal for a revision of the European Works Council (EWC) Directive (COM 2024/14)

⁶ "Finally, the question arises whether it is really necessary to constantly pursue legislative changes. After all, it seems that several provisions on access to information, the registration of posted workers, enforcement and finally monitoring which are laid down by, among others, the Coordination Regulations, are still underutilised. In that regard, further steps could be taken by Member States but also at EU level (supported by the European Labour Authority), in the area of enforcement and monitoring." F. De Wispelaere, I. Vukorepa, "The EU social security rules on posting: defining problems and potential solutions", <https://www.elgaronline.com/>

Corporate Sustainability Due Diligence Directive (CSDDD) for companies to prevent adverse human rights and environmental impacts in their own operations and across their value chains (COM (2022/71)

Forced labour regulation (COM 2022/453)

Sharing paid work and unpaid care work and EU care strategy

The work life balance Directive (2019/1158)

The European Care Strategy (2022/C/476/01)

Council Recommendation on High Quality Early Childhood Education and Care (ECE) Systems (2019/C 189/02)

Initiatives on gender equality

Pay Transparency Directive (2023/970)

The Women on boards directive (2022/2381)

Revision of the Directive on standards for equality bodies between women and men in employment, (prov. agreement 16722/23)

Initiatives on health and safety

Revision of the 2009 Asbestos directive (2023/2668)

Directive on exposure of workers to carcinogens and similar toxic products

The two Commissions have launched a number of labour law initiatives among which the Minimum Wage Directive is perhaps the most important. New legislation on gender equality in the labour market should make a real difference.

Timewise *the work life balance Directive (2019/1158)* was a first and important step in giving both parents the right to take care leaves and to protect their labour rights by returning to work after taking leave or to full time work after reduced hours. The Directive also stipulates the right to work part-time to care for a child. It prescribes 10 days paternity leave and four months parental leave, two of them being non-transferable between the parents. The

Commission proposal has been more ambitious in particular on the monetary level of care benefits (providing a stronger incentive for the higher earning parent to take leave) but the Directive still acknowledges that equality between women and men in the labour market requires not only provision of child care and early childhood education but also a more equal sharing of care and paid work between the parents. *The European Care Strategy*⁷ and the *Council Recommendation on High Quality Early Childhood Education and Care (ECHE) Systems (2019/C 189/02)* complement the Directive concerning early child care education and care systems.

Significant legal progress has been made in promoting gender equality with the introduction of the *Pay Transparency Directive (2023/970)*. This directive requires employers to inform job seekers and workers about pay levels broken down by sex. It requires an assessment of pay equality at firm level and remedies if the assessment shows deviations of more than 5%. It prescribes a right to full compensation for workers who have suffered gender pay discrimination. Importantly, the directive extends comparison to intersectional equality of pay. As in the work life balance directive, the burden of proof in discrimination cases is reversed. Employers have to show that they have not violated EU rules on equal pay or on rights of workers with care responsibilities. One important legislative act on gender equality in the economy is the *Women on boards directive (2022/2381)*⁸.

The “*Directive on transparent and predictable working conditions*” (EU 2019/1152) came after years of demands for a revision of the relatively weak provisions of the *Written Statement Directive* (EU 91/533). While the Commission proposal to define the status of an employee at European level has not been accepted in the Council, it extends application to zero-hour contracts and to workers working longer than 3 hours a week. Employers have to inform workers about the details of their contract in a week rather than in 2 months. A probation period should not exceed 6 months. The directive limits the use of on-demand contracts. The

⁷ The European Care Strategy emphasises the social and economic value of ECHE and long-term care and underlines the importance of improving reputation of work, remuneration and working conditions in the care sector. For a positive but also critical review see FEPS *The European care Strategy – A chance to ensure inclusive care for all?* (FEPS Policy Study 08/03/2023).

⁸ The requires that 40% of non-executive director positions or 1/3 of all director positions are filled by the underrepresented sex.

control of such provisions is a complex exercise. Many commentators see substantial improvements, but some wonder how much the directive will help vulnerable workers⁹.

The Minimum Wage Directive (EU 2022/2041) expresses a fairly radical policy change. Radical insofar as the dominant view was that the EU has no legal competence to legislate on wages and most of the policy actors as well as the Commission departments responsible for economic policies did not consider such action desirable. Dissatisfaction had grown as the Commission advised member states to open their wage setting systems, weaken collective bargaining and not to increase minimum wages. One step too far was the direct intervention into wage setting by the EU creditors through the Troika. A coalition of member state governments¹⁰, political groups in the EP and the European Trade Union Confederation asked for EU legal action. However, there was also opposition from “unexpected” corners: the Nordic countries and their trade unions opposed the directive. They feared (and still do) that the EU would interfere with their national collective bargaining systems. The directive as it stands accommodates these fears as it deals with minimum wages and collective bargaining and does not force a country to introduce a minimum wage¹¹. It requires member states to increase collective bargaining on wage setting, to strengthen social partner capacity to negotiate and to protect workers and organisations engaged in collective bargaining. It requests countries where the collective bargaining coverage is below 80% to prepare an action plan to increase coverage. Member States with statutory minimum wages shall ensure they are adequate, with the aim of achieving a “decent standard of living”¹². The Minimum wages are to be regularly updated involving social partners and consultative bodies. All member states are required to collect data to monitor minimum wage protection and to ensure workers have access to dispute resolution and the right to redress. The directive establishes

⁹ David Jonas Bokhorst, Sven Schreurs, « Europe’s social revival: from Gothenburg to Next Generation EU”, Swedish Institute for European Policy Studies; European Policy Analysis; 2023/14, p. 5.

<https://cadmus.eui.eu/handle/1814/76083>

¹⁰ France had traditionally favoured EU minimum wage legislation while Germany had blocked it declaring wages the exclusive domain of social partners. As soon as Germany had been forced to recognise that social partners had lost control over a substantial part of the labour market and introduced a minimum wage her position softened. Finally, Germany turned into a strong supporter.

¹¹ The directive does not require a country to introduce a minimum wage if there is none. This was part of the compromise with the Nordics. There are only 5 EU countries without a minimum wage, Austria, Denmark, Finland, Italy and Sweden. They have indeed high coverage rates of collective bargaining and all but Italy relatively low shares of low wage workers.

¹² The directive asks to use “the purchasing power of statutory minimum wages, taking account of the cost of living” and “the use of reference values to guide their assessment of the adequacy ...such as 60% of the gross median wage and 50% of the gross average wage and/or indicative reference values used at national level”.

reporting obligations to force all member states to look seriously at means to improve the situation of low wage earners: on level and coverage for member states with statutory minimum wages, for those without statutory minimum wages on the lowest pay rates in collective agreements and coverage of low pay workers as well as on the level of wages of workers not covered and for all member states on the level and development of collective bargaining. Though the Directive is not yet in force it seems to impact already significantly on Member States policies on setting minimum wages and on encouraging collective bargaining¹³.

In the field of health and safety in the workplace a *Revision of the 2009 Asbestos directive* was long overdue. It was finally adopted in 2023 (2023/2668) prescribing i.a. a reduction of the maximum level of exposure to Asbestos from 0,1 to 0.01 fibres per cm³ – an important step, as 3 out of 4 of occupational cancers are asbestos related. For some the levels are still too high (difficult to disagree that exposure to asbestos should be zero). *The directive on exposure of workers to carcinogens and similar toxic products* was updated in several steps between 2017 and 2022.

The proposed *directive on Platform workers* is seen as a first step towards protecting workers on digital platforms and to regulating working conditions in new digital economic activities. The recently agreed compromise was largely forced by the unexpected opposition of the German and French governments at a late stage of the negotiations. Finally, both continued to object but were overruled in Council. One essential part that has been dropped was a list of criteria that define a worker as an employee, but there is the notion of “facts indicating control and direction”. This wording, together with the presumption of an employment relationship, remains an important provision that protect workers in the gig economy¹⁴. One other important part of the Directive deals with algorithmic management of the work in the platform economy. Often instructions are issued via apps and performance is assessed through the app – there is no direct contact to a person as a supervisor. The Directive prescribes transparency rules, information rights for workers, data protection rules and consultation requirements. Central issues for a worker such as remuneration and termination will have to be dealt with by a person. Digital processing of data on mental and emotional

¹³ See the analysis in <https://www.socialeurope.eu/not-done-yet-applying-the-minimum-wages-directive>)

¹⁴ See an interesting analysis in *Social Europe*: <https://www.socialeurope.eu/gig-workers-in-europe-the-new-platform-of-rights>.

health of workers and of data traditionally protected by anti-discrimination is prohibited. Importantly some rules on algorithmic management apply to all persons performing platform work hence also solo-self-employed. A related important measure adopted by the Commission in 2022 are the “*Guidelines on the application of Union competition law to collective agreements regarding the working conditions of solo self-employed persons*” that confirms the right of the solo-self-employed to organise and to carry out collective bargaining – a legal area on the borderline between competition and labour law¹⁵.

The *Corporate Sustainability Due Diligence Directive (CSDDD) for companies to prevent adverse human rights and environmental impacts in their own operations and across their value chains (COM (2022/71)* was from the beginning a fairly controversial and important initiative. Objective is to ensure that companies monitor the adherence to labour and human rights not only in their own production but also of suppliers along the full value chain. It has significance for workers in the EU and internationally¹⁶. The Council adopted a text not supported by France¹⁷ and Germany (while SPD and Greens are strongly in favour, FDP opposed it – so Germany abstained). Only Companies with more than 1000 employees and a turnover over 450 million are now covered. It is estimated that only 1/3 of the number of originally envisaged companies (though the bigger ones) are still covered. However, smaller contractor firms might be indirectly covered as well. The Commission proposed also a *Forced labour regulation (COM 2022/453)* prohibiting products made with forced labour on the Union market – the regulation was preliminarily agreed between Council and Parliament on 13 March 2024 and as the value chain directive not supported by Germany due to the opposition of the FDP. As for the value chain directive, the proposal was weakened and experience with

¹⁵ [The Guidelines clarify that](#): Competition law does not apply to solo self-employed people that are in a *situation comparable to workers*. These include solo self-employed people who: (i) provide services exclusively or predominantly to one undertaking; (ii) work side-by-side with workers; and (iii) provide services to or through a digital labour platform. The Commission will not enforce EU competition rules against collective agreements made by solo self-employed people who are in a **weak negotiating position**. This is, for instance, when solo self-employed people face an imbalance in bargaining power due to negotiations with economically stronger companies or when they bargain collectively pursuant to national or EU legislation. See A. García-Muñoz Alhambra, “Collective bargaining of self-employed workers and competition law in the EU”, *Lavoro Diritti Europa*, numero 3, 2023.

¹⁶ On critical positions see for example the Open Society Foundation on shortcomings in the ICT sector (too narrow, insufficient coverage October 2022) and CEPS “We should be worried about corporate due diligence - but for the right reasons” (9 March 2023). ETUC recognizes the directive as a step in the right direction while maintaining some critical points (ETUC 14.12.23).

¹⁷ See a letter by Human Rights Watch to President Macron on the French position: <https://www.hrw.org/news/2024/03/06/letter-president-macron-eu-corporate-sustainability-due-diligence-directive>

implementation will show how effectively it tackles situations that are in worst cases close to modern slavery.

The Commission has proposed to sharpen the *European Works Council (EWC) Directive (COM 2024/14)* in particular facilitating access to EWC for workers of multinational companies, strengthening the capacity of the EWC, improving gender balance in composition and easing access to legal remedies.

The Commission also proposed a *Directive on improving standards for bodies equality of women and men*. It makes these bodies more effective, strengthening their independence and their rights to be consulted and their position in legal action. Provisional agreement was reached in Dec. 2023.

Social Protection

Social Protection:

Council Recommendation On access to social protection for workers and the self-employed” (2019/C/387/01)

Council Recommendation on adequate minimum income ensuring active inclusion” (2023/C 41/01)

Report by the high level group on “The future of social protection and of the welfare state in the EU (<https://data.europa.eu/doi/10.2767/35425>)

In the field of social protection the recent report by the High Level Group on Social Protection expresses something like a “new consensus” on social protection in the EU based on the key points of the EPSR¹⁸. Already the Juncker Commission entered new territory by preparing a Recommendation “*On access to social protection for workers and the self-employed*”. EU initiatives on social protection are controversial as member states feel strongly about their exclusive responsibility and even more so on social protection for the self-employed.

¹⁸ The report by the high-level group on “The future of social protection and of the welfare state in the EU” advocates a social contract for a stronger social Europe, underlines the significance of strong social protection schemes for economic and societal resilience, for strengthening people’s capabilities and develops the concepts of social citizenship and social investment.

Nevertheless, they agreed to submit reports using common indicators on progress in achieving high effective coverage, adequacy and transparency of benefits. “*Council Recommendation on adequate minimum income ensuring active inclusion*” (2023/C 41/01), even if a Recommendation is not binding, contains some relevant innovative points: “Minimum Income is a key element in strategies to exit poverty and exclusion and can act as an automatic stabilizer”, “effective access to enabling services” and “effective labour market integration of those who can work” should complement income support. It draws attention to gaps in coverage and take-up – reasons why existing minimum income schemes achieve less against poverty than expected. Young adults shall be included in minimum income provision. The level of benefits should be determined by “the national risk-of-poverty threshold or the monetary value of necessary goods and services including adequate nutrition, housing, healthcare and essential services, according to national definitions”. These levels should be reached by 2030 latest. Monitoring by Member States should be included in the “European Semester”. It advocates Distributional Impact Assessment (DIA) to capture the impact of budgetary measures and reforms “including on the most disadvantaged”.

The two recommendations and the follow-up in terms of indicators and monitoring as well as the DIAs can be an important tool if taken up in the economic and social policy coordination exercise at EU level and used by national actors in the policy process¹⁹. Not surprisingly, the non-binding nature of the document has been subject of controversy and proposals were made i.a. by the EP for a “Framework Directive on minimum income”²⁰.

The Covid Pandemic, fiscal solidarity and economic policy coordination

While for those who wanted to see it, the welfare state had proven its capacity to strengthen resilience already in the Great Recession²¹, the Pandemic crisis demonstrated the unique contribution welfare states made to mitigate the economic and social impact and to preserve

¹⁹ The Belgian Presidency intends to strengthen the indicators framework for monitoring of the implementation by member countries.

²⁰ See also: Bonfils, Nyman, Rabahi and Roy, leaders of the Social Platform, Caritas Europe, EAPN, Eurodiaconia in *Social Europe* February 2024. Similarly, three leading researchers of the EuSocialCit project: Bea Cantillon, Maurizio Ferrera, Martin Keune, in “Stepping up the agenda on social citizenship”, *Social Europe*, 12 April 2024.

²¹ For example, by EMPL Commission services, ESDE 2014 Chapter 1 “The legacy of the crisis: resilience and challenges”.

the productive capacity of the EU economy. The EU established the SURE programme²² that provided financial assistance (100 Billion €) to national job retention schemes and allowed thereby member states with limited fiscal space to fund keeping workers in employment. Thanks to the EU funding, Southern European states that could hardly afford such schemes in the Great Recession could run them in the Pandemic. A Commission document, “SURE after its sunset: final bi-annual report” (COM 2023/291), shows that these countries and the EU displayed higher employment and far lower unemployment than expected on relation to the decline in economic activity²³. Furthermore, short time work covered a far broader group of workers (also women, young people and workers on atypical contracts) than in the Great Recession (mostly industrial workers). Overall, SURE helped to mitigate impact on inequality, maintain productive capacity and reduce hysteresis.

The Recovery and Resilience Facility (RRF) is used among other objectives for social investment. Bokhorst and Scheurs report that “a sizeable 30% of spending is on average directed to social goals”, “strengthen welfare institutions, address shortages in skills, boost female employment and ensure adequate labour market protection and social inclusion”²⁴. They link the RRF to The European Child Guarantee Council Recommendation (2021/1004). The Child Guarantee broadens child care to early childhood education as an element in career development and to breaking the cycle of intergenerational poverty. Reports on the RRF suggest that member states use it for active labour market policy, education and training and for child care (construction and renovation of facilities but also for certain running expenditures).

Good news is that economic policy coordination processes take now a new view on the welfare state and social policies. For example, the Delors Centre assessed the content of the Country Specific Recommendations (CSR) on minimum wages in the last decade. In the past,

²² SURE, funded through social bonds, provides low interest loans to member states. This helped to concentrate the funds on those countries with lesser fiscal space. Grants might have had advantages (see for example Vandenbroucke et al. “The European Commission’s SURE Initiative and Euro Area Unemployment Re-Insurance” in VoxEU, April 2020). SURE Funds were spent within 2 years and are close to total expenditure for the ESF-plus over a seven years period.

²³ Participation rates between 2019-2022 in the EU increased for men (78.9 to 79.4) and women (67.9 to 69.5) while in the US participation of women stagnated (68.9 and 69.0) and for men declined (79.5 to 79.1) where short time work was hardly used. And this although US economic activity recovered more quickly from the Pandemic.

²⁴ David Jonas Bokhorst, Sven Schreurs, « Europe’s social revival: from Gothenburg to Next Generation EU”, Swedish Institute for European Policy Studies; European Policy Analysis; 2023/14, p. 11.
<https://cadmus.eui.eu/handle/1814/76083>

their primary concerns were related to competitiveness and the potential negative employment effects of the minimum wage. However, since 2017-2018, their focus has shifted to the adequacy of the minimum wage and the mechanisms used to set it²⁵.

Covid response programmes, in particular the RRF, link fiscal support with the implementation of recommendations in the coordination process. How effective this funding conditionality actually is remains an open question. B. Hacker²⁶ analyses how this linking of policy and RFF funding has come out in practice. Using the social scoreboard of the ESPR, he compares the position of countries in terms of the scoreboard indicators and the estimated expenditure share for social investment in their RRF plans. Countries with better “social” performance also display higher shares of social investment²⁷ – which might be logical but does not suggest that “socially less” minded states felt under strong pressure to promote social objectives in their RRF plans.

The EPSR and notably the Social Scoreboard are now in full use for the analysis underlying the European Semester, the economic and social coordination process. Commission country reports contain a fairly detailed description of employment and social trends, poverty, precarious employment and inequality and related Country Specific Recommendations are proposed. The next step in view of the Labour and Social Affairs Ministers was to integrate the EPSR into the work on a reform of the EU’s budgetary rules. A “Social Convergence Framework” is supposed to establish European standards to assess whether member states make sufficient progress on implementing the EPSR principles. The Belgian Council Presidency organised a joint meeting of Finance and Labour and Social Affairs Ministers in March 2024. They endorsed the relevance of social investment for productivity growth and for labour supply and the impact of social investment on economic performance will be analysed.

RRF responds not just to the Covid pandemic but also to the challenges resulting from the Russian aggression against Ukraine, the energy transformation and in particular the transition towards climate neutrality – all with substantial social and employment impacts²⁸. This is why

²⁵ <https://www.delorscentre.eu/en/publications/fair-and-adequate-minimum-wages> p 7/8.

²⁶ B. Hacker, “Die Europäische Säule sozialer Rechte: Wirkung und Weiterentwicklung”, *SWP*, Mai 2023.

²⁷ For example, France is on 8 labour and social indicators above the EU average and plans to use 40% of the RRF funds for social purposes (above the EU average which Hacker quantifies with 28%). B. Hacker, “Die Europäische Säule sozialer Rechte: Wirkung und Weiterentwicklung”, *SWP*, mai 2023, p. 32.

²⁸ The Council adopted a substantial recommendation on “ensuring a fair transition towards climate neutrality” (9107/22) recommending comprehensive policy packages by member states including social and employment impacts.

the EU has put in place two more Solidarity funding mechanisms. The Just Transition Fund with a capacity of 20 billion € funds member states measures in territories expected to be most negatively impacted by the climate transition. The measures include up-skilling of workers, the creation of new jobs and firms, and job-search assistance. Together with the Cohesion Funds, there is a considerable potential for programmes for those workers – essential to maintain public support for the climate transition.

Perhaps the most innovative aspect of the initiative is the Social Climate Fund, which is designed to support vulnerable groups, including households in energy or transport poverty (or those at risk of becoming so if the energy transition leads to substantial extra costs). Member States will also be able to use some of the funds for direct income support to vulnerable people. Member states will submit plans by June 2025. The estimated size is 87 billion €. The funding comes from the auctioning of allowances from ETS 2 and 50 million allowances from the existing ETS. This gives the fund more independence from the up-downs of the EU budget process.

Social policies and the next Commission and the EP

Some general thoughts

One could easily start with an upbeat view of what the EU has achieved and what might come next. Most available analysis of the recent past is positive but typically ends with a question mark often referring to a move to austerity at EU level²⁹.

²⁹ See for example the invitation to a joint ETUI/OSE conference: "With the green and digital transitions having moved up fast the von der Leyen Commission agenda, there is a dawning realisation that their success is greatly dependent on worker support. Barrosian neoliberalism is being undone, replaced by a new paradigm that has been legitimised, albeit selectively, through the European Pillar of Social Rights. This social turn' is reflected in the efforts being made to cement workers' rights and increase corporate accountability in search of a planet-people-profit balance backed by a green industrial policy. Workers' incomes are now protected by a Minimum Wage Directive, the first-ever piece of legislation which has the potential to boost (cross-)sectoral collective bargaining in Member States. EU countries have also committed (albeit in a much softer way) to strengthening social safety nets, including through adequate minimum income and the launch of a European Platform for Combatting Homelessness. Workplace health and safety has been restored to centre stage after years in the background, while psychosocial risks may become the next battleground for EU policymakers. And attempts are underway to better anchor European Works Councils in the industrial relations landscape, including through effective enforcement. ... Meanwhile, large companies are being asked to become more transparent with regard to their environmental and human rights practices, not just domestically but all along their supply chains. However: ... begs the question of whether the 'social' paradigm shift – the EU's selective implementation of the Pillar – will be sustained in the context of 'austerity 2.0', which is looming large while Europe prepares for elections."

Even if one cannot simply assume that the past determines the future, here are arguments why social policy cannot simply disappear from the EU agenda. Bokhorst and Scheurs present three: first, economic pressure resulting from ageing and from the climate transition will create growing labour shortages requiring investments in skills, education, social and care services. Demography will shift the balance of power between workers and capital and force efforts to offer quality employment and to meet the demands for a better work-life balance to attract more people into work. Second, EU support for social and labour policies has proven its crucial significance: “policymakers will compare the negative political and economic experiences of the euro crisis with the swift rebound after Covid-19 if and when the next crisis comes around.”³⁰. Third, institutionally, EU policy makers have accepted that a more pronounced EU role in social policies is possible and a return to the previous stance is unlikely to happen. Moreover, digitalisation of work and productions processes are not manageable at national level without at least a European framework. So good reasons for EU social policy activity to continue at a reasonable pace.

While all this suggests that there will be lots to do for social policy at EU level and strong push for more action, there might also be other forces at play. First, the difficulties to agree on content have recently increased and so has the time it takes to get a text adopted. Comparing some major files (value chain directive and the digital platform) with the earlier labour law files speaks for itself. I think it is a mix of more complex issues, political changes in member states (e.g. the rebellion of FDP in the “Ampel” coalition) and a certain fatigue – perhaps typical only for the end of the mandate. Second, the urgency of inequality and social tensions might be felt less now as Russian aggression against Ukraine, the greening of the EU economy, energy transition and external threats and defense are dominating the EU agenda. Third, it is unlikely that the EU will be in position to expand budgets in a similar way as it did during the Pandemic/Post-pandemic period. Acknowledging this as a reality does not imply acquiescence to austerity. One could draw inspiration from the social climate fund, which has a dedicated funding source. While there are factors that might suggest a more cautious approach to launching new initiatives, it is likely that in important areas, policy development will be needed and strongly demanded by stakeholders.

³⁰ David Jonas Bokhorst, Sven Schreurs, « Europe’s social revival: from Gothenburg to Next Generation EU”, Swedish Institute for European Policy Studies; European Policy Analysis; 2023/14, p. 14.
<https://cadmus.eui.eu/handle/1814/76083>

One of the arguments used recently in the negotiations on new rules was that they are overburdening European companies with bureaucracy and costs and threaten thereby competitiveness. Here, as Mario Draghi explained at the La Hulpe conference, one should not fall back into old concepts. Social Policy makers have a good case to argue that well designed labour and social policies will contribute to higher productivity and a better skilled labour force both so important in the next decade. The La Hulpe conference made the point that social investment would actually improve the competitiveness of the EU economy. And one can hope that renewed importance given to social partners involvement should help to avoid bureaucracy and overly complicated rules.

In any case, the legislative acts adopted since 2017 require implementation at EU, national, often social partner and local level. This will require the attention of policymakers, efforts by the Commission to monitor and follow up with infringement where necessary, and human resources on all sides. Implementation and enforcement will be particularly important for vulnerable workers. Just think about posting of workers in sectors such as road transport, care and cleaning. First, their work is isolated from others, which limits the possibility for collective complaints and action while economic and societal interest in flexible use and low cost is particularly strong (care, for example). Second, workers lack the support of organised labour while employers use subcontractors and shifting locations to avoid controls. Third, on the enforcement side there is less pressure and greater difficulty exactly because of the isolated position of those workers.³¹ Similar factors perhaps on a less drastic level influence the enforcement of other new directives.

Some potential areas of EU action

As mentioned above, I believe that EU social policies will be busy ensuring proper implementation of the already adopted legal acts. Social policy makers will have to make their concerns heard in the annual economic policy coordination (European Semester) and in the budget process and provide evidence for their proposals. Will social investment³² and reform

³¹ See the excellent study Anita Heindlmaier and Carina Kobler, "Essential, lonely and exploited: why mobile EU workers' labour rights are not enforced", *Journal of Ethnic and Migration Studies*, 49:15, 2023, 3689-3708, DOI: 10.1080/1369183X.2022.2102971

³² Social investment is defined in a Joint EMCO/SPC Opinion (endorsed by the Council) as "public spending related to investments and reforms that, on top of pursuing social objectives, are expected to produce returns in terms of economic growth through their impact on human capital and productivity, including via stronger innovative capacity and

be given priority in the new economic policy framework? Will the social convergence framework identify social risks and will they have implications for economic policy coordination? The Distributional Impact Assessments are referred to in an amendment to the Directive on requirements for budgetary frameworks of Member States (together with environmental impacts). Will the Commission use this when reviewing budgetary efforts of member states? And will the policy coordination instruments, as well as the EU level financial instruments, effectively address poverty, unemployment and precarious employment, gender gaps and support vulnerable youth and children? If in five years' time the answer to these questions will be yes this will be due to a massive effort of all involved.

And what about progress on social convergence within and across EU countries - one of the great promises of the EPSR? The EPSR-Social Scoreboard has been revised), emphasising the measurement of inequality in the use of social and labour market policy indicators³³ between and within EU member states. One example: the EU has among the three top targets³⁴ (employment, poverty, adult education) for 2030 one on adult learning: a participation rate of 60 % annually. Presently this varies between 20% in some CEE member states around 40% in other CEE and Southern Europe, around 50+ % in France and Spain and above target in Northern Europe. The gap by educational level (less than upper-secondary to tertiary education) is even in the best performing countries around 1: 2 but typically 1:3 or 1:4, even if the former group would need adult education obviously most urgently. In addition, there are few countries where unemployed participate in a comparable way in adult learning than employees. The situation is similar for child care. Children under age 3 who live in households at the risk of poverty participate to 20% in formal child care while children who live in non-poor households to 40%. The 2030 target for children below 3

absorption of new technologies, and/or labour supply.” The following elements are given: lifelong learning and up- and re-skilling, education, in particular ECHE, active labour market policies, prevention of illness and work-related rehabilitation. And “Reforms to reduce labour market segmentation and reforms of tax-and-benefit systems”

³³ Examples of revised secondary indicators that measure inequality: Underachievement in education (including in digital skills, Participation of low-qualified adults in learning, Share of unemployed adults with a recent learning experience, Gap in underachievement between the bottom and top quarter of the socio-economic index (PISA); and one of the additional primary indicators deals also with inequality: the disability employment gap

³⁴ The EU has three headline targets for 2030: 78% of people aged 20-64 should be in employment, at least 60% of all adults should participate in training every year, the number of people at risk of poverty or social exclusion should be reduced by at least 15 million. These three targets are linked to three more: “at least halve the gender employment gap compared to 2019”, increase the provisions of formal early childhood education and care” and decrease the NEET rate (age 15-29) from 12.6 to 9%.

years has been increased from 30 to 45%: an important step but without massive efforts low-income families will benefit little

How can inequalities in the actual use of early childhood education and adult training and education be addressed? The standard answer is promoting equality in access and help to those that participate less (see Recommendation on individual learning accounts³⁵). But would that be enough to reduce the gaps across and within countries? People with lower income or educational level need more help than the promise of funding. They need employers that encourage them to be trained and a climate in which adult learning is “normal” or even “expected”. Such considerations might have led the authors of the “Conclave report”³⁶ to suggest: “The EU should reinforce information literacy and make it *an obligation and a right* (bold by the author) for all European citizens”. How can a right and obligation be established across the EU before and after compulsory schooling? Even if one can build on the experiences with the child and youth guarantee, it remains a big challenge for policy makers.

One central question is to what extent fiscal solidarity, which is now largely temporary, will be made permanent and, if so, whether the new Commission, Council and EP will continue to support social programmes. SURE is widely seen as evidence that social programmes can function as highly effective automatic stabilisers and mitigate societal tension in crisis situations. The “Conclave report” suggests to transform SURE into an instrument to be easily available for crisis situations and to develop a European Unemployment Re-Insurance (EU-UI) system. It also proposes to increase the budget of the Social Climate Fund to 130 billion. Important that this fund is financed by ETS revenues and the “Conclave report” suggests the EU-UI to be funded by the EU budget and not exclusively in the capital market. The “Conclave Report” asks “for new sources of revenues, beyond labour and consumption, by taxing other sources of added value (particularly in the digital sector) and a wide range of carbon emissions”. Indeed, proposals by the budget Commissioner are on the table for a single market tax for large co-operations and a digital tax.

³⁵ See Council Recommendation on individual learning accounts (8944/22) that advocates, among others, a personalised training budget together with provisions on paid leave/income support, sustainable funding and allowing employees to participate in training during working hours. The recommendation stresses that such accounts should be available for all independently of educational, professional or labour force status.

³⁶ Conclave: Europe 2040, Tomorrow is Today, Co-building a global, sustainable, and responsible power, 17 fundamental issues Europeans need to tackle to remain relevant

The debate about a follow-up to SURE and unemployment re-insurance has almost stopped among policy makers – unfortunately as it often happens when unemployment is less of a serious concern and funds are (still) available. It is crucial to encourage the next Commission and the EP to resume work on transforming the SURE programme into an easily mobilised scheme to prepare for a serious crisis³⁷ and to consider appropriate models of EU-UI (“The right thing to do” Mario Draghi, 2018).

Digital work and Algorithm systems in the workplace³⁸ are clearly a crucial point for the next Commission and the EP. Just consider that the number of workers in digital platforms is expected to increase from 28 to 43 million in 2025. EU actions in this area is of particular importance as platforms and similar employers do not only act in several member states and but can also easily move between them. Hence common regulatory standards are a necessity,, one would expect that stakeholders will ask for further action in this area. Also, the demand has broadened. One central point remains to define the criteria for dependent employment (to cover in many cases solo-self employed and so called free-lancers)³⁹. And there is a strong demand to go beyond platform work as the use of AI spreads widely in the workplace and in the organisation of production. The management of Algorithm systems in a wide range of economic activities is a challenge which the EU could respond to with the idea of “human control”. The spread of telework and the growing cases of long-term telework (digital nomads) might require also EU level action to ensure that labour rights are in place and treatment of workers is fair.

On gender equality, ensuring implementation of the pay transparency directive in conjunction with strengthened equality bodies could change a great deal. Setting targets on reducing

³⁷ For SURE specifically this should include a reflection whether job retention should be always the focus as it rightly was in the pandemic.

³⁸ Social Europe published these days the results of studies on the impact of digitalisation on autonomy and the quality of employment arrangement (A. Piasna 28.2 2024). A few relevant quotes: “Employees do not experience significant differences in their autonomy in relation to digitalisation. Freelances, however, suffer autonomy losses. For this more vulnerable group of workers, which includes bogus self-employed and platform workers, digitalisation of the work process leads to more control and subordination, rather than to liberation as ‘[entrepreneurs](#)’. Bearing in mind that freelances are also more exposed to digital technologies at work, this is a cause for concern. At the same time, working with digital devices breeds new challenges in terms of psychological demands and [psychosocial](#) and ergonomic risks. Control over the work process by digital technologies can be more contained in countries where individual human control [is anchored](#) in broader industrial relations structures. Institutionalised arrangements better protect workers from various pressures—which can include those stemming from digitalisation. Therefore, the ultimate effect of digitalisation on work depends on the institutional context in which technology is introduced.”

³⁹ A good explanation of the less and less convincing distinction between workers and many self-employed in C. Countouris et alii, “Social Europe needs a new concept of ‘worker’”, *Social Europe*, 10 April 2024

gender gaps in wages and perhaps pensions could make the policy challenge more visible. Arguably equally important is to draw attention to the gender gap in hours of paid work – as the gender gap in the employment rate is going down but in many places far more women work part-time than men leading to lower earnings but also to lower pensions and other social security entitlements. One important aspect here is promoting a more equal distribution of paid work, home work and care between women and men. It is not sure there would be a majority for improving the Work Life Balance Directive but implementing the gender and care strategies and using Semester and Funds could be the way to go. Women provide more unpaid home and care work than men (13 hours per week). Paid work for men is on average 5 hours longer, largely due to the higher share of part-time work of women (28%) than of men (8%)⁴⁰. Could setting a target to reduce the gap in paid hours worked per week between women and men be considered?⁴¹

Increase in labour supply in economies facing labour shortages and demographic pressure is broadly seen as a priority. One obstacle in this respect might lack of quality child or dependency care reviewed extensively in the European care strategy. In this spirit, the EU could propose measures to ensure that work in care is treated equal to jobs requiring comparable level of skills, competence, and responsibility. Research suggests that factors such as contractual arrangement, autonomy, time pressure and time schedule are important together with remuneration.

On *health and safety in the work place* it seems that psychosocial risks are getting more and more attention not least as result of the structural shift to services and in particular due to the digitalisation of production. The EP has demanded legal action on mental health⁴². The work place itself is becoming a less defined category (telework, work abroad, platform work). Preparing legislation on safe working conditions for digital work should be considered.

This leads to a specific aspect of *EU social security policy*. The digital world makes it not only easier for companies to shift production around the Union but also workers can work remotely

⁴⁰ All data in Barbara Gerstenberger, “Gender equality – What’s next? Let’s focus on the world of work” Eurofound, 25 October 2023.

⁴¹ Such a target could also be measured in a full-time equivalent employment rate but it is not an easy-to-understand concept. One question to explore is whether data on unpaid work at home are reliable enough to produce regularly indicators to measure progress on sharing of paid work and unpaid home work between parents.

⁴² See a study requested by the EMPL Committee of the EP: “Minimum health and safety requirements for the protection of mental health in the workplace” that argues that member states take insufficient action to protect against psychosocial risks there is a need for EU action, May 2023: IPOL_STU(2023)740078_EN.pdf

from abroad and many do (“digital nomads”). In addition to labour law, EU social security coordination rules and taxation across borders are relevant here. It seems that real progress can be made if the three domains are considered together and common definitions and standards are developed. This requires cooperation between Commission services as well as in the respective policy areas in Council and EP.

More generally, on social protection, the two recommendations (social protection for all and minimum income) give ample material for policy dialogue, analysis and peer pressure. What would be the value added if the EU aimed at a framework directive on minimum income. Would it be possible to agree binding standards as proposed by Bea Cantillon, Maurizio Ferrera and Martin Keune? They also advocate “a stronger role for EU social funding in enabling national policies to provide basic needs”⁴³.

Free movement of workers and social security coordination remain relevant not only due to the increase in “digital nomads” but because after a dip in 2020-2021 mobility figures were in 2022 back to pre-pandemic levels⁴⁴. It seems to be one of the areas where rigorous enforcement by national authorities of EU level regulations is of utmost importance given the marked difference in power between workers on the move and their employers as discussed earlier in this note. The social partners in the receiving countries should be central actors but this is not always the case. The European Labour Agency (ELA) established with the expectation to help enforcement will be reviewed in 2024, presumably together with an assessment of their achievements. The outcome might need to lead to adjustments in mandate, work plans and if needed resourcing.

The other side of the tension around free movement of workers is about the impacts on countries when workers in particular those with higher levels of education leave in great numbers. The argument put forth by sending countries is that richer receiving countries benefit economically and socially from educational investment, while the burden on the budget remains with the sending countries. Indeed, a 12 large EU country study⁴⁵ finds that

⁴³ Bea Cantillon, Maurizio Ferrera and Martin Keune, in “Stepping up the agenda on social citizenship”, *Social Europe*, 12 April 2024.

⁴⁴ See The Annual Commission Report on Intra-EU Mobility 2023: the number of active movers increased from 2021 to 2022 from 6,5 Million to 7 Million, cross-border worker from 1,6 Million to 1,7 Million and of posted workers from 2,6 Million to 3,1 Millions (the strongest increase). Employment rates of EU movers are somewhat higher than of nationals (77% and 75%) and much higher than of third country nationals (69%). Also, annual return mobility increased from 590.000 to 660.000. And employment of movers in ICT sectors has increased by more than 50%.

⁴⁵ Ivan Krastev and Mark Leonhard, “A new political map: Getting the European Parliament election right”, ECFR, 2024.

a majority of the population in Greece, Hungary, Italy, Portugal, Romania and Spain as well as close to 50% in Poland is worried about emigration and in some countries even more than about immigration. This issue will be one of the more difficult tasks for the next Commission. Clearly, the EU will not want to give up on one its fundamental freedoms to choose freely to work in another country. Could one for example think about compensation payments for the education system of sending countries? Of course, the best way forward would be to speed up wage convergence - and fortunately wage differentials between the 27 member states are indeed declining⁴⁶. Could national and European social partners be encouraged to act together to accelerate this process further? On the other hand, it is important that mobile workers whether from other EU/EFTA countries or from third countries can use their skills and competences. In his report, Enrico Letta makes a strong plea for the speeding up the recognition of skills as a contribution to reduce labour shortage and improve job prospects.

This note has not discussed two broader areas of relevance for social policies: skills and housing which would certainly deserve separate policy notes. As skills development appears more and more essential for future economic performance, we highlighted the crucial importance of ensuring that not only everybody has access to skill development but that those with lower educational level can effectively participate (by country, region, socio-economic status).

Housing for low income groups is clearly a big concern, perhaps even a nightmare, in some EU countries. The EPSR advocates social housing and asks for support for the vulnerable. This was followed up by the “Lisbon Declaration on the European Platform on Combatting Homelessness” adopted in 2021. Anecdotal evidence suggests that the ESPR commitments were used by civil society and social policy makers to address the risk of evictions in the Covid period and to render support for housing first actions. Of course, the EU might take a far broader approach as housing is a serious challenge for middle income groups and in particular younger generations. Can the EU make a real contribution beyond analysis and best practice exchange? It could issue a recommendation along the lines of the EPSR. But could it not use its financial instruments (Structural Funds, RRF and the EIB) to support the construction and renovation of social housing? Enrico Letta acknowledges that housing is not an EU competence but suggests at least two actions: setting up a “Taskforce on housing

⁴⁶ See W. Zwysen, “Wage inequality in Europe – and why it is falling”, *Social Europe*, 10 April 2024.

affordability” and broaden the definition of social housing in the Services of General Interest Decision of 2012 (2012/21).

Conclusion

The adoption of the ESPR means a policy shift reflecting a broad recognition that high inequality and widespread precarity have become obstacles for economic and social development and rising social divergence threatens the legitimacy of the EU project. Inequality, quality employment and vulnerability are now central issues in the economic policy coordination process. Labour legislation restarted including a directive on a minimum wage and one on digital platform work. On gender equality, a number of important initiatives were taken. Consensus was reached on social protection for all including precarious worker and solo-self-employed and on adequate minimum income. All this means more progress than one would have expected a decade ago. The EU response to the Pandemic included funding of social programmes - SURE, the RRF and two on the social aspects of the energy transition. Social and labour issues are to be fully integrated into EU policies and even free movement of workers and posting are less divisive than a decade ago. This suggests that social policy will continue to be a mainstream activity of the Commission, Council and EP. Now, implementation and enforcement of the adopted directives and initiatives should demonstrate that the ESPR promises are taken seriously. Indeed, the La Hulpe Declaration on the ESPR asks concerning the initiatives since 2017 for “full transposition and adequate implementation ... effective monitoring”. At the same time, policy priorities can be identified where further development is required and likely to happen.

On the renewed concern on competitiveness one can only hope that lessons from the past are not forgotten so clearly summarised by Mario Draghi in his speech at the Hulpe conference on the ESPR in April 2024. It is good news that the La Hulpe declaration confirmed the commitments made with the ESPR, highlighted the importance of social dialogue and cooperation with civil society and that it listed a number of priorities for action including mainstreaming of social objectives in economic policies.

Priorities for the EU have evolved dramatically: greening of our economies, the energy transition, AI and the spread of digital activity as well as war coming close to the borders of

the EU. They all contribute to a widespread feeling of insecurity due to global economic turmoil⁴⁷. It is crucial to emphasise that social and labour policies are essential complements to the challenges we face, precisely because they address economic insecurity, support the green transition and contribute to productivity growth.

⁴⁷ Ivan Krastev and Mark Leonhard present also a survey of 9 large member states – both in average but also in 4 out of the 9 global economic turmoil is identified as the factor that changed the most the way the respondent looks at the future.