

Foreword

The year 2010 saw the launch of the Europe 2020 strategy. The new EU strategy had been devised for the purpose of promoting smart, sustainable and inclusive growth that would help Europe recover from the crisis and re-emerge stronger and more prosperous on the other side. In June of the same year, the European Semester was put in place to ensure the implementation and progress of macro-economic policy developments and structural reforms contained in the Europe 2020 strategy.

Now, in 2014, nearly five years into the strategy, the mid-term review of Europe 2020 is scheduled to take place in order to assess the effectiveness and relevance of the strategy and the mode of its governance and implementation. At a superficial glance, this mid-term review might appear to be taking place at a point in time when claims are issuing from various quarters that Europe is edging itself out of crisis, that the current policy direction is taking effect, and that it is indeed giving Europe the requisite boost to move from economic downturn to recovery. A more careful assessment will reveal, however, that Europe is still experiencing a devastatingly high level of unemployment; that growth is at best fragile; and that, rather than a narrowing of the gap separating us from the targets set for Europe 2020, we are seeing widening divergence, signifying that the current approach is definitely not achieving what it was set up to do. The assessment of the extent to which the European Semester, and in particular Europe 2020, has – or has not – helped Europe get out of the crisis will, accordingly, be instrumental in determining how European-level policies and strategies are to be redirected in the future.

With the choice of focus on ‘half-way through a lost decade’, this year’s edition of *Benchmarking Working Europe* sets out to assess and analyse the state of working Europe using a multi-level and multi-dimensional set of indicators. This volume is thus intended as one contribution to the mid-term review of the Europe 2020 strategy.

The chapters of this report conclude on a negative note. The macro-economic indicators point to a stagnation in domestic demand, as well as in both public and private investment, and to no real increase in exports. The reduction in public spending has, if anything, prolonged the financial and economic crisis and encouraged its further spread. Insofar as this dire macro-economic context shapes and sets the framework conditions for labour markets, it is in no way surprising that, here too, several worrying trends are appearing. Unemployment remains high and is showing no real signs of decreasing in a majority of member states. At the same time, full-time jobs are subject to net job destruction while part-time jobs display net job creation. Youth, migrants and the low-skilled are the hardest hit by the adverse labour market conditions, and their situation is not improving. To compound these dire economic circumstances on the labour market itself, structural reforms aimed at increasing flexibility are exacerbating the vulnerability of many categories of workers in Europe and further widening the many forms of inequality observed over the past decade. One telling example is that the greatest relative increase in risk of poverty over the last five years has occurred within the employed population.

The findings in this report point to policy failures and to the need to redefine alternatives in order to get Europe back on to a sustainable growth path that will lead to an upward harmonisation of standards and outcomes. The current trend towards ever greater economic as well as social divergence across the European Union cannot form a viable basis for the future of European integration. The conclusions of the mid-term review should take the above-mentioned highly alarming trends seriously into account and should reassess the direction of EU policy to include a fully-fledged investment strategy for the future, a halt to the deregulatory process, a consolidation of social protection and commitment to a Europe characterised by high social standards including in the field of health and safety. What is clear above all else is that the current focus on austerity and deregulation is failing to deliver what Europe citizens are entitled to expect.

Benchmarking Working Europe, which first appeared in 2001, represents a contribution to the monitoring of the European Union, by providing a genuine benchmarking exercise applied to the world of labour and social affairs and grounded in effective labour and social rights. It aims at establishing what progress – or lack of it – has taken place in selected areas of importance to the trade unions and of significance for a social Europe.

We hope you will derive both interest and benefit from your reading of this year's edition of *Benchmarking Working Europe*.

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