

## Preface

Responses to the 2008-2009 economic and financial crisis have, for several years, been dominated by fiscal consolidation requirements, creating pressures on national social protection systems. Increasingly however – as the economic and social costs of these policies have become more apparent and as domestic political pressures have increased – some EU players have started to pay more attention to the contribution of social policy measures to overcoming the crisis. Over the past few years, there has indeed been a growing awareness of the consequences of non-action for certain social challenges, including child poverty, the alarming number of young people ‘not in employment, education or training’ (NEETs), the disadvantaged position of women in the labour market and the divergence in living standards across the EU.

While some of the ‘old’ social challenges facing EU countries continue to weigh heavily – including population ageing and social exclusion of specific groups – the chapters of the present volume show that the ‘post-crisis’ era has also brought new challenges for social and employment policies. For instance: *how can social protection for those working in new forms of employment* (e.g. driven by the digitalisation of the economy) *be enhanced*; and *how can we ensure job quality and work-life balance in the context of new production models*?

The ageing of our societies implies more pressure on younger generations, who are finding it difficult to access stable, good-quality jobs and are often employed in non-standard forms of employment. After peaking at 23.7% in 2013, youth unemployment is decreasing, but is still above the level observed in 2008 (15.6%). Gender gaps in the labour market remain a key challenge. The female employment rate is 11% below that of men, and women in the EU suffer a significant pay gap (16.3% in 2015) as they tend to be employed in lower-paid sectors (European Commission 2018: 8). Another major set of policy challenges results from migration, both within the EU and from outside. An EU-wide survey conducted in 2015 and 2016 on migrants and minorities (EU-MIDIS II) shows that immigrants and ethnic minorities face widespread discrimination in all areas of life, especially employment (FRA 2017)<sup>1</sup>.

These and other major demographic changes (e.g. increased intra EU mobility) will pose major challenges for the development of social protection and social inclusion

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1. Higher rates of discrimination are experienced by Roma respondents and respondents with Sub-Saharan or North-African backgrounds, with low feelings of attachment to the country they live in and lower trust in public institutions (FRA 2017). Survey conducted in 2015 and 2016.

policies in EU Member States. National social protection systems in the EU perform among the best – in terms of legal and effective access to benefits for the population – in the world (ILO 2017). Nevertheless, they are increasingly facing the challenge of reconciling adequacy of social protection with financial sustainability, including for the self-employed and non-standard workers. In 2016, 23.5% of the EU population was assessed to be at risk of poverty or social exclusion. This share has decreased for the fourth consecutive year, and, in 2017, is approaching its lowest level of 23.3%, recorded in 2009. This percentage, however, conceals considerable variations between the EU Member States (from 13.3% in the Czech Republic to 35.6% in Greece and 40.4% in Bulgaria). The share of people facing severe material deprivation fell from 9.9% in 2012 to 7.5% in 2016, showing an improvement in living standards. Again, considerable differences exist between Member States (from 0.8 % in Sweden to 22.4% in Greece and 31.9% in Bulgaria)<sup>2</sup>.

In spite of the positive trend, there is no room for complacency: the EU remains far from achieving the Europe 2020 target of reducing the number of Europeans living in or at risk of poverty or social exclusion by 20 million compared to 2008. Although declining in percentage, the total number of people at risk of poverty or social exclusion has *increased* in the EU: 118 million people were in this situation in 2016, about 800,000 more than in 2008 (European Commission 2018).

Starting from these formidable challenges, the first part of *Social policy in the European Union: state of play 2018* starts off with an analysis of the ‘high-level’ political developments in 2017, assessing to what extent they are able to accommodate the EU’s economic, social and environmental objectives. In the aftermath of the shockwaves created by the planned British exit from the EU, existential debates about the future of (social) Europe characterised 2017, leading to a sharpening of the profile of the EU’s social dimension, but underlining the deep divisions among the Member States regarding the way forward. Sixty years on, as this 19<sup>th</sup> edition of *Social Policy in the EU* demonstrates, the EU’s social dimension is truly at a crossroads, requiring long-term reflection on the future of the EU. This volume contributes to this reflection by addressing this question: *does the European Pillar of Social Rights constitute a game changer for the EU’s social dimension?*

While the previous edition of this annual book suggested that differentiated integration might be a plausible way forward for the European project after Brexit (Vanhercke *et al.* 2017), developments in the EU in the past year show that there is very little appetite for the idea of such a ‘coalition of the willing’ taking the lead. While the scenario of Brexit spurring further disintegration cannot be completely discarded, the chapters of this book suggest that *incrementalism* – a slow process of interaction and mutual adaptation among a multiplicity of actors – will continue to drive European integration for the time being. The European Pillar of Social Rights (EPSR), serving as the EU’s new social policy framework, is an example of such incremental yet significant progress: while the solemn proclamation of the Pillar already had *some* tangible impact, it has

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2. Eurostat: Severe material deprivation rate by tenure status [ilc\_mddd17].

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the potential of contributing to a more ambitious future ‘European Social Union’. The implementation of the Pillar can however not be constrained to purely ‘social’ policies: increasingly the focus will have to shift to ‘eco-social’ policies which do more than pay lip service to environmental concerns in social policy debates.

The second part of the volume describes and discusses the ‘day-to day’ policy development that took place during the past year in the social domain. These include the first steps in the implementation of the EPSR (pointing to a new EU legislative and soft governance agenda in the making), labour market issues and access to social protection of the self-employed, the impact of the digital transition on job quality and recent developments in the area of health and safety.

In Chapter 1, Maurizio Ferrera makes a plea for the construction of a fully-fledged European Social Union (ESU), with a view to enhancing the functional coherence and effectiveness of the Economic and Monetary Union (EMU) as well as its political legitimacy. He discusses the existing institutional building blocks that could be pieced together in a creative way to achieve this ambitious project. For Ferrera, an ESU should start as a limited but recognizable system of separate yet interdependent elements, subject (as in the EMU) to common rules and principles and aimed at sustaining/promoting two types of solidarity: a) a pan-European solidarity between countries and between individual EU citizens centred on supranational institutions, combined with b) more traditional forms of national solidarity, centred on ‘recalibrated’ domestic institutions.

Max Koch critically discusses current climate and sustainability policies in the EU in Chapter 2, which introduces alternative concepts such as ‘sustainable welfare’. Sustainable welfare integrates social inequality and environmental sustainability research and is directed towards the satisfaction of the human needs of everyone, now and in future, and within environmental limits. Since there are too few indications for an absolute decoupling of economic growth, material resource use and carbon emissions, the chapter pleads for less of a priority to be given to economic growth in policy making and recommends the development and implementation of ‘eco-social policies’ to simultaneously address inequality and sustainability concerns in Europe.

In Chapter 3, Sebastiano Sabato and Francesco Corti assess the effectiveness of the implementation of the EPSR in 2017 in terms of three dimensions: (a) its capacity to ‘revamp’ the EU social agenda; (b) its capacity to steer the direction of Member States’ policies, notably through the European Semester; and (c) the possibility of it influencing EU economic policies. The authors also compare the Pillar with the previous EU social policy framework – the Social Investment Package – to identify the elements of continuity and discontinuity. They conclude that the EPSR introduces a new approach to EU social protection and inclusion policies: a ‘rights-based social investment’ approach.

The Pillar is also at the heart of Chapter 4: Stefan Clauwaert examines the different legislative proposals and/or social partner consultations contained in the ‘European Pillar Package’ (26 April 2017) and the ‘Social Fairness Package’ (13 March 2018), which the Commission launched to implement the EPSR. The initiatives considered include the

revision of the Written Statement Directive, initiatives in the area of work-life balance, the establishment of a European Labour Authority and the revision of the Posting of Workers Directive. Particular attention is also paid, in each case, to the (diverging) positions of the European cross-industry social partners (ETUC, BusinessEurope, UEAPME and CEEP) and the effect ('collateral damage') this has had on the already weakened European social dialogue.

The diversity of labour market situations and access to social protection for the self-employed is analysed in Chapter 5: Slavina Spasova and Mathijn Wilkens show that the self-employed can no longer be perceived as archetypal representatives of the well-off liberal professions. Some are 'entrepreneurs' with good working conditions but others are 'vulnerable' and 'concealed' self-employed who struggle with precarious working conditions and low incomes. With regard to social protection, the self-employed have less statutory access and greater difficulties in accumulating entitlements than salaried workers. The chapter also discusses the growing political awareness of and initiatives regarding these issues, particularly at the European level.

In recent years, as Chapter 6 describes, the world of work has been radically transformed by the introduction of digital technology. Ramón Peña-Casas, Dalila Ghailani and Stéphanie Coster discuss the changes in job and employment quality which have resulted from the increasing use of digital tools, highlighting the major developments underway. Digitalisation, in addition to its potential benefits, brings greater exposure of European workers to psychosocial risks by enabling work to become more flexible and more intense, and generates feelings of alienation and depersonalisation of work. The issue of skills seems to be crucial, suggesting a need not only to improve the adaptability and quality of the available labour force, but also to encourage the development of cross-cutting skills.

In Chapter 7 Laurent Vogel explains that the launch, in May 2016, of the revision of the Directive on the prevention of occupation cancers came as a surprise to followers of European social policy. Since 2004, the volume of new legislation in this area had indeed dwindled, in contrast to the ambitious production of new rules between 1989 and the end of the last century. Upward harmonisation of working conditions in Europe is still a stated objective, but far fewer actual initiatives have been launched. This chapter analyses the factors behind the renewed law-making activity in this area. It considers whether new measures are also likely in relation to other aspects of occupational health: clearly, one swallow doesn't make a summer.

In the concluding chapter, Bart Vanhercke, Sebastiano Sabato and Dalila Ghailani point to a sharpening of the profile of the EU's social dimension during 2017. They discuss how the EPSR could contribute to the European Social Union and answer this important question: *why should it be different this time?* Crucially, the concluding chapter provides proposals for developing a stronger EU social dimension – including a pan-Eurozone unemployment insurance, a new balance between the social and economic dimensions and taking the Sustainable Development Agenda seriously.

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The chronology by Cécile Barbier summarises the key events of 2017 in the area of social and economic affairs, beginning with Malta taking over the Presidency of the Council of the EU in January and ending with the Spanish elections on 21<sup>st</sup> December 2017.

The European Social Observatory has worked with the European Trade Union Institute and renowned external scholars to draw up this year's edition of the book. Through this collaborative publication, we aim to contribute to the debate between policymakers, social stakeholders and the research community, while providing accessible information and analysis for practitioners and students of European integration.

We again look forward to engaging in a dialogue with you over the crucial issues addressed in this volume.

Bart Vanhercke, Dalila Ghailani and Sebastiano Sabato (OSE)  
Maria Jepsen and Philippe Pochet (ETUI)

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