The European economy may be growing, but serious social and structural problems remain to be tackled by the incoming European Parliament and Commission. For example, real wages in 10 European countries are still below where they were before the crisis. High unemployment, particularly among young people, remains a serious problem, as is the often-low quality and insecure nature of many of the jobs being created. Problems of weak productivity growth and macroeconomic imbalances that were not tackled before the crisis could be exposed by rising economic tensions over China, trade and Brexit.

These are among the main findings of Benchmarking Working Europe, the annual stock-take of European labour market and social affairs published by the European Trade Union Institute. This year’s report also puts more emphasis on finding practical solutions to Europe’s problems. It calls for serious action to stimulate investment, as well as reforms to fiscal rules to allow policy to play a more active role in stabilising economies and securing sustainable growth. Above all, inequality and insecurity must be tackled through reversing deregulation and reviving collective bargaining.

Published annually since 2001, Benchmarking Working Europe puts worker’s concerns at the centre of its analysis and policy proposals. The four chapters analyse the areas of economic growth, labour market changes, wage developments and worker’s participation.

Key findings

- **Slowing growth.** In 24 out of 28 Member States, the economic recovery has already peaked, with annual average growth rates in real GDP expected to slow over the next two years. If another economic shock hits the EU policymakers will be short of ammunition to tackle it as interest rates have been at virtually zero since 2010.

- **Uneven quality of new jobs.** The last ten years have seen an increase in part-time, temporary, short hours, platform and other forms of non-standard work, often due to a lack of standard employment available. Part-time work remains highly gendered, with women more likely to work part time in every EU country apart from Romania.
- **Wageless growth.** In 10 countries real wages are at or even below the level of 2009. Greece experienced the most dramatic decline (-23%), followed by Croatia (-11%) and Cyprus (-7%). A number of other countries, such as the Netherlands (+3%) and Austria (+2%) have seen only modest rises. The only countries which have seen substantial increases are in central and eastern Europe, a group which includes Bulgaria (+87%) and Romania (+34%).

- **Work is no longer a guarantee of a decent income.** The ‘working poor’ now account for one in ten employed people. The highest risk of in-work poverty is with the self-employed and own-account workers, and the lowest with full-time jobs on permanent contracts.

- **Scars from the Great Recession.** Labour productivity growth slowed in the post-crisis period in all but three Member States. Continuation of this trend will further dampen increases in real wages which are needed to improve the standards of living of Europeans.

- **Technological polarisation in the labour market.** Jobs growth in the EU28 is concentrated in high-skilled occupations. However, hi-tech sectors such as the ‘knowledge economy’ are not generating employment at an equal rates across the EU. Jobs growth in these sectors was strong in Finland, Germany, Sweden, Latvia and Estonia, but Greece saw virtually no professional job creation. In Lithuania, Spain, Romania and Czechia most new jobs were in low-paying service sectors.

- **Little progress on the EU’s social objectives.** The Commission’s 2018/19 Country Specific Recommendations do little to support the ambitions outlined in the new social Pillar for ‘Fair Wages, ‘Adequate Minimum Wages’ and ‘Collective Bargaining’. Fiscal and competitiveness-related objectives remaining pre-eminent over social ones.

- **Democracy at Work.** Marked deficiencies remain in the provision and exercise of democratic rights in the workplace.

**Key recommendations**

Europe needs to stimulate investment. This can be done by keeping capital costs low, supporting demand through real wage growth, reducing economic uncertainty and increasing public investment.

Employment policy needs to be reviewed. A greater focus on social issues is needed to ensure fair working conditions for workers. Policymakers also need to pay more attention to occupational health, especially in the area of work-related cancers where the Carcinogens and Mutagens Directive must be regularly updated.

More democracy at work. Workplace democracy and employee participation at the company level are associated with higher productivity and more efficient and flexible workforces. Workplace democracy also strengthens civil society by fostering engaged citizens with a stake in the future.

Action on Climate Change. Policymakers need to take climate change seriously. They also need to ensure there is a Just Transition, so occupations and economic sectors affected by moves to sustainability are able to adjust at a sustainable pace.

*Benchmarking Working Europe is an annual report detailing the state of labour and social affairs in the European Union using a multi-dimensional set of indicators. Edited by Maria Jepsen, it sets out progress, or lack thereof, in selected areas of importance to the trade unions and social Europe.