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For more information, contact
Maria Jepsen:
www.etui.org/About-Etui/Staff/Maria-Jepsen

For printed copies, send your order to
Veerle Raes, vraes@etui.org

European
Trade Union Institute
bd du Roi Albert II, 5
1210 Brussels
www.etui.org
etui@etui.org



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Benchmarking Working Europe 2016

Edited by Maria Jepsen

With this year's chosen focus – 'prepared for the future?' – the new edition of *Benchmarking Working Europe* analyses the state of working Europe with the aid of a multi-level and multi-dimensional set of indicators. This 2016 edition is intended as one contribution to an assessment of what the current EU policies have achieved (or rather what they have *not* achieved) and hence as an evaluation of the extent to which the European Union is 'prepared for the future'. All four chapters of this report conclude on a negative note, and each puts forward suggestions for some appropriate policy changes.

Key findings

Macroeconomics: Only a hesitant recovery with risks for the future

- Public debt has risen in the vast majority of member states since 2010.
- The ECB's quantitative easing has not reversed the trend towards deflation.
- The Juncker investment plan is making slower progress than hoped for and is primarily benefiting countries that could have afforded the investment anyway.
- The key to sustained recovery lies in a fiscal policy approach that both stimulates internal demand and creates the basis for a more serious investment plan.
- Even with the Paris climate change agreements, there is a huge gap between what was committed and what needs to be done to limit the temperature increase to 2°C. More stringent climate targets are needed.

Labour Market and social developments

- The unemployment rate in the EU28 continued to fall, but more than 16 million people are still without work.
- The proportion of temporary jobs in the net annual job growth figure nearly doubled.
- Part-time work has been steadily rising with higher growth in routine and low-skilled service occupations.
- There is a hard core of unemployment: the number of people who have been jobless for longer than 12 months, and especially for more than 18 months, has increased.
- There is a growing risk of poverty or social exclusion for the unemployed.
- Income inequality continues to rise.
- Cutting taxes on labour does not lead to more employment; many countries with very high employment rates have steep labour taxes (Figure 2.21).

Wages and collective bargaining: light at the end of the tunnel?

- The country-specific recommendations (CSRs) for 2015/16 show no development in the field of wages and collective bargaining.
- Attacks on collective bargaining and union rights continued and also intensified in countries not subject to EU assistance programmes, such as the UK, Finland and Belgium.

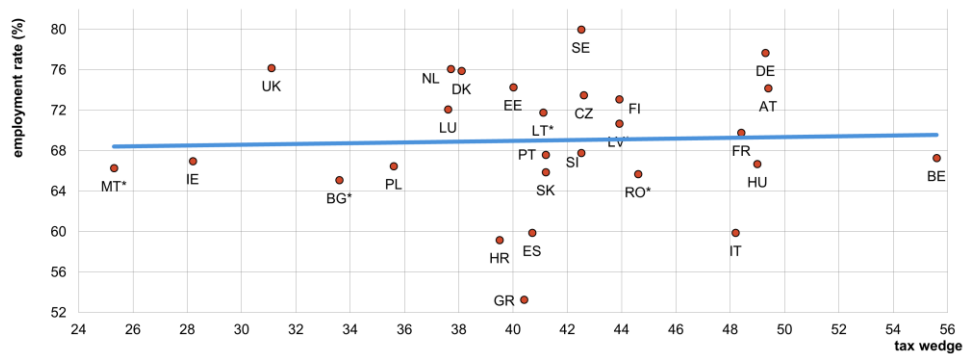
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- In CEE countries, there is a decentralization of industrial relations; collective bargaining takes place at local or plant level.
- Austerity has not led to a big upsurge in strike figures; however, there is a lack of data.
- CEE countries have seen economic protest against austerity governments and also as a result of frustration over the lack of progress in convergence.
- Trade unions are increasingly using litigation to fight the attack on workers' rights.

A social Europe needs workers' participation

- The long arm of the Commission's REFIT/Better Regulation programme is reaching deep into the 'social acquis' (especially in the health and safety area, where workers' participation rights are being threatened).
- There is a need for a genuine and relevant regulatory framework for innovative technologies, one which ensures adequate protection and training at the workplace.
- Stronger worker participation in companies leads to more 'sustainable' companies, which score higher on most social and environmental dimensions of sustainability.
- Statistical data shows that countries with strong worker participation rights perform better than those with fewer rights, proving that worker participation helps rather than hinders 'smart, sustainable and inclusive growth' (Figure 4.11).

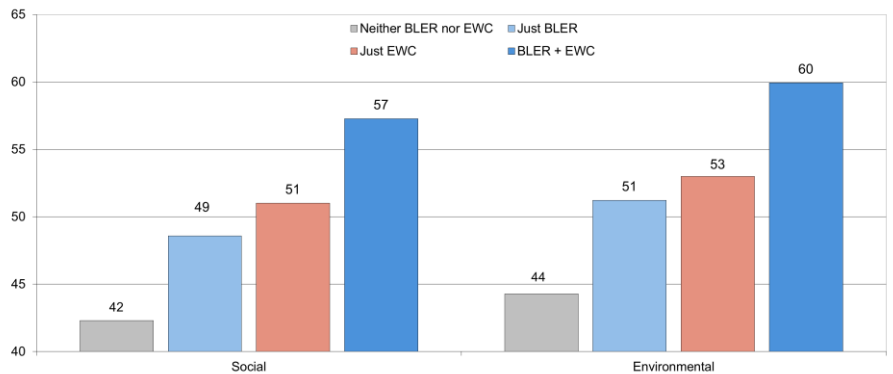
Figure 2.21 Tax wedge on labour (average wage) and overall employment rate (age 20-64), 2014



Source: European Commission tax and benefits database based on OECD data (European Commission 2015e).

Notes: Tax wedge on labour: The difference between the wage costs to the employer of a worker on an average wage, including personal income tax and compulsory social security contributions, and the amount of net income that the worker receives. * data are only available for 2013.

Figure 4.11 Social and environmental performance of European Companies (2013)



Source: Vitols (2015).

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