



**POSITION PAPER**

# **Progressive European Social Policy**

Returning the focus to the people

*A MORE SOCIALLY JUST EUROPE*

*Social Rights in Europe*

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## **1. INTRODUCTION**

The purpose of this document is to provide an overview of the position and engagement of the Group of the Progressive Alliance of Socialists and Democrats in the European Parliament towards a real Progressive European Social Policy, as the basis for a strong and sustainable Social Europe. The focus of this paper is primarily on issues related to the competences of the Employment and Social Affairs Committee in the European Parliament. Education and training policy are also essential parts of a Progressive European Social Policy, but they are overseen by other committees.

The lack of a strong Social Agenda in Europe and the lack of support for further social progress date back before the financial and economic crisis started. Ever since the 1990s, when binding legislation was gradually replaced by the non-binding method of open coordination, the social dimension of the European Union has been successively weakened.

According to OECD findings<sup>1</sup>, in the decades before the recession economic growth benefited disproportionately higher income groups while lower-income households were left behind. Many of the jobs created were of poor quality and often precarious. In the aftermath of the crises the disparities widened and inequalities increased dramatically while social considerations lost further political importance and were subjected to economic and fiscal considerations. At the same time the rights and influence of workers and trade unions were increasingly marginalised.

Social policy making also came under strain due to the new economic governance framework introduced in the wake of the crisis with the European Semester at its core. Since 2010, the EU has introduced a number of far-reaching reforms to the EU economic governance framework, which have extended and strengthened the

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<sup>1</sup> OECD (2015), *In It Together: Why Less Inequality Benefits All*, OECD Publishing, Paris.

capacities of the European Commission to monitor, coordinate and sanction economic and budgetary policies of Member States. This has led to the subordination of social policy coordination to economic objectives of fiscal discipline, budgetary austerity and welfare retrenchment. In practice, this has resulted in the overt subordination of European peoples' interests to macroeconomic objectives.

Concurrently, conservatives and liberals are increasingly denouncing the European Social Model, including labour law, collective bargaining and social protection as a burden for economic growth and job creation. However, the effects of growing inequalities can be disregarded no longer. Social and macroeconomic imbalances are threatening the very essence and future of the European Project. Social divergences within and between countries erode the legitimacy of European integration and damage the trust that is needed for a better performance in the future. Against this background it is not acceptable that the European Commission is not taking any decisive action to overcome this situation and to substantially strengthen the social dimension of the European Union. While Commission President Juncker talks about a “social triple-A for Europe” and his desire to become the “President of Social Dialogue” the social reality of millions of Europeans is characterised by unemployment, poverty and social exclusion. This situation is not tolerable for us. A non-social Europe betrays the founding objectives of the European Union.

## **2. OUR VISION OF SOCIAL EUROPE**

One of the lessons learnt from the economic crisis is that societies which are characterised by a high level of equality and investment in people do better in terms of growth and employment resilience.<sup>2</sup> Fighting inequalities and enhancing social investment must therefore be guiding principles for a progressive social agenda with a strong and coordinated European Social Policy. Our vision of Social Europe is a paradigm shift towards an alternative social model based on solidarity, integration,

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<sup>2</sup> Human capital means in this context a person's education and skills

social justice, a fair wealth distribution, gender equality, a high-quality public education system, quality employment and sustainable growth - a model that ensures equality and social protection, empowers vulnerable groups, enhances participation and citizenship and improves the living standards for all citizens. Binding social indicators as well as a strengthening of trade unions and social dialogue are essential in this context.

The European Union clearly has a social dimension, despite the fact that some voices are trying to deny it. The coordination of social security rights for mobile workers, standards for health and safety in the workplace as well as directives on workers' rights constitute, amongst others, a non-trivial **acquis**. Any attempt to reduce the European Union solely to its economic or monetary dimension must therefore be firmly rejected. Social affairs are neither an appendage of the Single Market nor a regulatory burden. In fact, such views are only further fuelling the rise of populism and Euro-scepticism. To the contrary, we need to work towards a Social Union based on high common standards, which will support and guide national welfare states while adapting social policy making at the national level.

A strong Social Union, which returns the focus to the people, must become the basis for the cooperation between Member States in this respect. It must include the respect of fundamental social rights, fair mobility and the improvement of living and working conditions; it must be directed towards the fight against unemployment, poverty, inequalities, social exclusion and wage and tax dumping; and it must promote the successful European social model consisting of strong social protection, quality public services and social dialogue. A strong and dynamic Social Union will not only help to counterbalance the negative effects of the financial, economic and social crises, but also to correct the persisting imbalance between economic and social governance at the European level.

The commitment to social cohesion is reflected in the horizontal social clause laid down in Treaty of the Functioning of the European Union, which calls for a strong focus on the social dimension of Union policies. However, the implementation of such a provision depends on the commitment to apply the principle of social mainstreaming to all Union policies in order to improve the quality and effectiveness of legislation. This should become the main objective of the Commission's so-called "better regulation" agenda on the way towards a solid and sustainable Social Europe.

### **3. STRENGTHENING THE SOCIAL DIMENSION OF THE EMU**

Promoting an alternative European social model, which is geared towards sustainable growth, quality jobs and social justice, starts by ensuring a strong social dimension in the framework of the European and Monetary Union (EMU). It must be based on a social pillar which guarantees a synthesis between both, the economic and fiscal aspects on the one hand and the social dimension on the other. This can be achieved through the establishment of an enforceable, binding system of social coordination and social standards with a particular focus on quality employment. Any negative impacts of economic and social reforms on the well-being of citizens must be addressed in this context and where necessary be tackled with the help of automatic stabilizers combined with long-term sustainable policies.

The European Parliament took a clear position on this issue - notably in its resolution 'Towards a genuine Economic and Monetary Union' of 20 November 2012 (Thyssen report). The majority of Members supported our progressive proposal calling for a European Social Pact as the fifth pillar of the EMU in order to promote:

- Youth employment and a Youth Guarantee
- An European Quality Framework for internship and apprenticeship
- high quality and appropriate financing of public services

- decent living wages with minimum incomes preventing in-work poverty
- access to affordable and social housing
- a social protection floor to guarantee universal access to essential health services regardless of income
- the implementation of a social protocol to protect fundamental social and labour rights
- European standards to manage restructuring in a social and responsible way
- a new health and safety strategy including stress-related diseases
- equal pay and equal rights for work of equal value for all

The strengthening of the social dimension of the EMU is indispensable to overcoming the persisting social crisis and the sluggish economic recovery process. Therefore the demands of the S&D Group go beyond the proposals of the Thyssen report.

**The S&D Group calls for:**

- A **Social Protocol** to ensure that fundamental rights take precedence over economic freedoms. The respect of Article 9 TFEU and the Charter of Fundamental Rights must be secured.
- A **Social Eurogroup** with a permanent president to strengthen the social dimension of the Economic Monetary and Social Union.
- A **refocusing of the European Semester** on the delivery of the EU2020 objectives of smart, sustainable and inclusive growth paying more attention to social, education and employment targets. These targets should be given equal weight alongside economic targets.
- **Economic and social indicators in the Macroeconomic Imbalances Procedure** must be considered on an equal footing. Additionally, the social scoreboard in the Joint Employment Report must play a more prominent

role in the European Semester and should function as an "early warning system" for excessive social imbalances. It should also be extended by additional social indicators in particular on decent work, child poverty, homelessness, access to health care and education, to adequately monitor social developments in the Member States.

- Mainstreaming the **decent work agenda** of the International Labour Organization (ILO) in European policies.
- A legislative act on **equal pay for equal work at the same place** irrespective of type of contract or status of a worker.

#### 4. INCLUSIVE LABOUR MARKETS: TACKLING YOUTH UNEMPLOYMENT AND LONG TERM UNEMPLOYMENT

Economic growth is unlikely to be sustainable unless it is socially inclusive. Although there are some signs of economic recovery in the European Union, unemployment remains very high, which affects mainly vulnerable groups like the young, the low-skilled and those who have been unemployed for a long period of time. If Europe wants to pursue inclusive labour markets and social cohesion in competitive economies unemployment must be reduced while at the same time the quality of work in Europe significantly increased. Such tasks are the shared responsibility of governments, employers and workers.

The insufficient growth and lack of aggregate demand in Member States, which were caused by the economic crisis and subsequent austerity policies, are chiefly responsible for the unacceptably high unemployment rates in Europe. While the European Fund for Strategic Investment might help to boost growth, an investment plan alone is not sufficient to ensure that the economic recovery is translated into the creation of sustainable quality jobs. We also need policies that allow job-rich sectors to flourish maximising job creation across the board. Unfortunately, many jobs that are being created are at the lowest end of the pay spectrum.

**The S&D Group calls for:**

- A **new phase of the Europe 2020 Strategy**, improving all framework conditions for more and better jobs and social justice.
- Further instruments to stimulate **investments, particularly social investments**, targeting the creation of sustainable quality jobs.

**4.1. Tackling youth unemployment**

The youth unemployment rate in Europe is unacceptably high. In some Member States more than 50 percent of the young people are without a job. Tackling youth unemployment remains therefore a top priority if Europe does not want to risk losing a whole generation. A first step must be the further strengthening and proper implementation of the Youth Guarantee and the Youth Employment Initiative. At this stage of implementation, it is fundamental to improve the positive long-term benefits of the opportunities offered to young people, concretely through meaningful trainings, that improve their employability, and stable jobs.

**The S&D Group calls for:**

- A substantial increase in funding for the **European Youth Guarantee**. The ILO has recommended a budget of €21 billion, against the current budget of only €6 billion. This should be addressed when the EU's long-term budget is revised in 2016. In the meantime Member States must make full use of the €6 billion already appropriated as well as of currently available European Social Fund allocations.
- A proper and swift implementation of the Youth Guarantee ensuring the added value and quality of the trainings and jobs offered in the programmes developed under the **Youth Employment Initiative**. The Commission should report each year on the state of play in each Member

State, assessing the **quality of the actions** and including recommendations on the Youth Guarantee in the European Semester.

- The focus of the Youth Guarantee on education and training for young unskilled or low skilled unemployed should be enlarged to also cover **young graduates** and those who have already completed vocational training.
- An extension of the **age limit of the Youth Guarantee from 25 to 29 years** to reflect the reality that many graduates and labour market entrants are in their late 20's.
- **Coordination policies** assessing the link between labour market needs and education, combined with the promotion of a formative culture that encourages critical thinking, creativity and responsible acting, as this is the embryo of progress and innovation in societies.

#### 4.2. Tackling long-term unemployment

Traditionally, Conservatives and Liberals define the causes of long-term unemployment as a lack of skills, motivation and insufficient education, thereby indirectly blaming the unemployed for their situation. This assumption is at the origin of the wrong political choices made by many governments who focused their political responses to structural unemployment on the reduction of unemployment benefits and the participation in activation measures as precondition for financial support. Such policies push unemployed people into precarious employment and jobs that do not meet the cost of living. A more progressive approach to tackle long-term unemployment should therefore be based on the inclusiveness of labour markets through increasing investment in education and training, better counselling and support of job-seekers as well as in-work benefits.

Employers are disinclined to hire even well-qualified job applicants who have been out of work for six months or longer or those above 50 years of age. However companies can promote inclusive hiring practices by removing barriers that prevent the long-term

unemployed from applying or being considered for positions. The discrimination of long-term unemployed job seekers is unfortunately very common. Such practices are based on the psychological stigma associated with unemployment and result in employers to perceiving jobless and older applicants as less competent and less hireable than employed individuals. Therefore there is a need for employers to train human resource managers to overcome their biases against unemployed workers and older workers and to focus on qualifications and experience rather than the current employment status.

**The S&D Group calls for:**

- **Employment protection measures and supportive legislation** both at the European and national level to avoid the use of job cuts as an adjustment mechanism to economic shocks.
- **A recommendation including a set of best practices for companies in the recruitment and hiring** of long-term unemployed workers, including eliminating employment ads that openly discriminate unemployed jobseekers, reviewing screening procedures that disadvantage unemployed individuals and broadening recruiting practices to encourage the qualified long-term unemployed to apply.
- A **European action plan on inclusive labour markets**, based on a strong social dialogue, identifying not only the **skills** that **employees** need to access the labour market, but also the skills that **employers** and **managers** are lacking in order to meet inclusive labour market targets. This plan should offer skill retraining actions for employers and managers in the **socially-sustainable management of human resources** to take advantage of the full potential of experienced workers.
- A **European Directive against discrimination in recruiting** based on present or past unemployment spells regardless of the length of time an individual was unemployed, including provisions prohibiting job advertisements indicating that such an unemployed status disqualifies an individual and

that an employer will not consider or hire an individual based on such status.

- The **implementation of the lifelong learning framework approach** towards a flexible education path recognizing formal, but also non formal and informal learning to foster equity and social cohesion and allowing employment opportunities for more vulnerable groups.

### 4.3. Education and training opportunities for all

As a result of the crisis many young people entered or remained in the education system, especially in Member States with high youth unemployment. However, the extent to which this will actually improve their future employment chances will depend on the quality of education, which in some Member States has been undermined by austerity policies.

Sustainable public funding for education is the basis for an inclusive, fair and democratic society. Free access to quality public education, including tertiary education, as well as access to quality early childcare is an important element in overcoming social inequalities and increasing the sustainability of economic and social systems. While integrating work experience with education is important, it should not be so extensive that classroom learning suffers.

Internships are a valuable way for young people to become familiar with how the labour market works and are an important instrument to acquire skills in the area of their interest. However, internships should not be used as a replacement for jobs and interns should not be used as a cheap (or even unpaid) labour force. Therefore, decent minimum working conditions and proper remuneration scheme should be guaranteed for internships and apprenticeships.

Learning and training mobility has proven to have a positive impact on employability, active citizenship and social inclusion of young people. The Erasmus+ Programme is one of the most European initiatives and thus, we have to continue investing in it, improving it and expanding it so it reaches as many young Europeans as possible.

**The S&D Group calls for:**

- Increasing the public education budget and setting quality targets and benchmarks for an inclusive education system that ensures equality, non-discrimination and civic competences.
- A skills agenda that integrate a holistic approach in the access to high-quality education and training.
- The implementation of dual education systems, in all EU Member States, based on curricula jointly developed by social partners and tailored to particular sectors.
- A Directive establishing quality standards and decent minimum working conditions for internships and apprenticeships, including applicable minimum wages.
- Continuous and increased support for Erasmus+ mobility programme offering and promoting inclusive learning and training opportunities for young people, educators, volunteers, apprentices, interns and young workers.

**5. REDUCING INEQUALITIES AND COMBATING POVERTY**

The European Commission has already acknowledged that austerity policies have increased inequalities, poverty and in-work poverty in the Member States of the European Union.<sup>4</sup>

Concurrently social justice is declining.<sup>5</sup> However, inequalities are neither inevitable nor irreversible and must be corrected through political action at the European and national level, not only because they are unfair but also due to the fact that they undermine growth and impair economic efficiency. Keeping in mind that the number of people at risk of poverty has increased by seven million in Europe as a result of the crisis, we need urgent and more decisive action and policy coordination to reduce inequalities and promote equal opportunities, to fight poverty - especially child-poverty - and to tackle unemployment. It is essential that no worker is left uncovered in terms of social and labour rights and that full-time stable jobs enable Europeans to earn a decent living.

### **5.1 Living wages and income**

Fair wages are an important aspect of reducing income inequalities. Even if wages are not a competence of the European Union, coordinated action at the European level - mainly through the EU Semester and austerity policies - have had a negative effect on wages at national level. Minimum wages and public salaries have been reduced, collective bargaining decentralized, wages not indexed any longer and trade unions weakened. As such, the Commission is clearly interfering with national wage policies and wage determination. The so called Five President's report on Completing Europe's Economic and Monetary Union suggests the establishment of a Euro area system composed of competitiveness authorities "with a mandate to 'assess whether wages are evolving in line with productivity'". Furthermore, the report calls for its opinions to be used by social partners as guidance

during wage setting negotiations. This proposal has been presented by the Commission as a Council Recommendation on the establishment of National Competitiveness Boards within the Euro area, tasked with the responsibility of monitoring developments in competitiveness, including labour costs, and "to inform the wage setting processes at national level by providing relevant information". This trend must be urgently reversed through respecting the autonomy of social partners as enshrined in the Treaty and the strengthening of collective bargaining

processes, while rejecting any form of political interference from the institutions formerly known as the “Troika” as well as any other public body.

Income inequalities are also produced by inefficient labour market reforms. These negative dynamics on income distribution must be tackled through measures improving job quality in order to reduce labour market segmentation, but also with measures raising minimum wages to a decent level and strengthening collective bargaining and workers position in wage-setting systems in order to reduce wage dispersion. In recent decades, corporate management have been taking a greater share of the economic pie while workers’ wages have stagnated or have been reduced. Excessive levels of top managers' pay come not only at the expense of the shareholders but at the expense of workers. It is well documented that organizations with a high disparity of pay between top earners and those at the bottom suffer a decline in employee morale and commitment to the organization<sup>6</sup> and significant deterioration in the quality of products<sup>7</sup>.

This excessive dispersion in wages is unethical during wage setting negotiations. This proposal has been presented by the Commission as a Council Recommendation on the establishment of National Competitiveness Boards within the Euro area, tasked with the responsibility of monitoring developments in competitiveness, including labour costs, and "to inform the wage setting processes at national level by providing relevant information". This trend must be urgently reversed through respecting the autonomy of social partners as enshrined in the Treaty and the strengthening of collective bargaining processes, while rejecting any form of political interference from the institutions formerly known as the “Troika” as well as any other public body.

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<sup>4</sup> COM (2013) 801 final. Draft joint employment report. European Commission Working Paper 1/2013

Bantout and Lokajickova: Social protection budgets in the crisis in the EU.

<sup>5</sup> Social Justice in the EU – A Cross-national Comparison, Daniel Schraad-Tischler and Christian Kroll. Bertelsmann-Stiftung

The future of pensions is fundamental to a decent life for senior citizens in Europe. Ensuring adequate, sustainable and safe pension systems cannot be reduced to implementing technical adjustment measures. We recognize the challenges faced by Member States but we do not agree with a future where employees pay more, work longer and receive less when they retire. To the contrary, we must safeguard solidarity in our pension systems by strengthening the revenue side without increasing the retirement age. We fight for public and occupational pension systems which provide an adequate retirement income well above the poverty threshold and allow pensioners to maintain their standard of living. The best way to ensure sustainable, safe and adequate pensions for women and men is to increase the overall employment rate, building, inter alia, on social investments in active ageing. The progressive reforms of pension systems should focus amongst others on the effective retirement age and reflect labour market trends, birth rates, the health and wealth situation, working conditions and the economic dependency ratio.

But inequality in the labour-market also carries life-long consequences and impacts on women's rights - particularly pensions - as the 39% EU gender pension gap testifies, representing more than double the gender pay gap of 16%.

Apart from wages and pensions, more than 120 million people in Europe are at risk of poverty and in 2013 16.7 % of the population in the EU-28 was at-risk-of-poverty after social transfers, meaning that their disposable income was below their national at-risk-of-poverty threshold.<sup>8</sup> Europe should not forget that according to the Charter of Fundamental rights, human dignity is inviolable and must be protected and respected. Engaging in favour of minimum income policies is therefore a duty we have before European citizens.

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<sup>6</sup> See e.g. Jeffrey Pfeffer, Human Resources from an Organizational Behavior Perspective: Some Paradoxes Explained, Journal of Economic Perspectives, Vol. 21 (2007).

<sup>7</sup> Douglas Cowherd and David Levine, Product Quality and Pay Equity Between Lower-Level Employees and Top Management, Administrative Science Quarterly, Vol. 37 (1992).

<sup>8</sup> Eurostat, [http://ec.europa.eu/eurostat/statistics-explained/index.php/People\\_at\\_risk\\_of\\_poverty\\_or\\_social\\_exclusion](http://ec.europa.eu/eurostat/statistics-explained/index.php/People_at_risk_of_poverty_or_social_exclusion)

**The S&D Group calls for:**

- The creation of a living wage index in the context of the Annual Growth Survey (AGS), that will then be the basis for binding targets on Member States actions
- The rejection of the proposal to set up National Competitiveness Boards as this proposal strikes at the heart of Social Europe by de facto questioning the role and the autonomy of social partners to bargain collectively. The real experts in analyzing, discussing and negotiating wages are social partners.
- Respect and promote collective bargaining and its coverage to reach as many workers as possible while at the same time also aiming for better wage floors in the form of, where applicable, minimum wages set at decent levels and with the involvement of social partners. All this with a view to end the competitive wage race to the bottom, to support aggregate demand and economic recovery, to reduce wage inequalities, to fight in-work poverty and to assist the European Central Bank in getting our economies out of the trap of zero inflation and to achieve its price stability target of 2% inflation.
- To adopt at European level a legal obligation requiring listed as well as public companies to disclose the annual total compensation of the chief executive officer (CEO) and the top managers and the

median of the annual compensation of all other employees of the company.

- Engagement in favour of a minimum income for those who do not qualify for other income schemes.
- A reinforcement of public pension schemes to provide a decent replacement income for all by means of strengthening the revenue side and ensuring working conditions which allow for people to realistically reach the statutory retirement age.
- Full implementation and revision of the 2006 Directive on Equal Treatment of men and women in matters of employment and occupation, with a compulsory requirement for companies to draw up measures or plans on gender equality, including actions on desegregation, the development of pay systems and measures to support women`s careers.
- A new Directive to include mandatory pay audits for companies listed on stock exchanges in the EU Member States, except for small and medium-sized companies (SMEs) to highlight the gender pay gap, and introduce sanctions at the EU level that would exclude companies failing to meet their responsibilities with regards to gender equality from the public procurement of goods and services financed from the EU budget.

## **5.2 Tackling poverty and social exclusion**

In many Member States social security and social protection systems have been severely undermined by austerity measures, as has the ability to invest in crucial future-oriented policy areas such as education, research and development. This has had very negative effects with regard to social justice and public trust in institutions and governments. According to research the development of social expenditure is important to improve the resilience of Member States economies in times of crises. Thanks to their automatic stabilisation dimension welfare systems and

ad hoc discretionary measures help to absorb social shock waves caused by recessions. Moreover, high quality welfare systems and social investments are extremely important if Europe wants to maintain its main competitive advantage - highly skilled workers and productive companies.

Furthermore, Europe has recently been faced with a high inflow of migrants from war-struck countries seeking refuge. It is of utmost importance to ensure solidarity with refugees and Member States should act together to ensure their social inclusion and integration into the labour market without delay. We need a common European approach and coherent policies

in order to tackle challenges in this respect such as the lack of financial resources, access to the labour market and social protection, sustainable legal protection system for irregular workers, as well as identification and punishment of severe labour exploitation of migrants.

Europe needs to be committed to the promotion of equal opportunities for future generations and to put in place mechanisms guaranteeing that citizens will have the necessary means and services allowing them to grow as productive individuals of our societies.

**The S&D Group calls for:**

- A Social Progress Index measuring social inequalities and inequalities in opportunities to be integrated in the Europe 2020 Strategy and the Annual Growth Survey (AGS) with binding targets.
- A European legal framework in line with the related ILO recommendation to guarantee every European citizen a social protection floor with universal access to health care, basic income security and access to goods and services defined as necessary at the national level.

- The creation of a European Fund for Social Protection, as proposed by ILO and WHO at the global level, providing temporary funding if a crisis or shock causes an increase in the number of people depending on social protection services or undermine the ability of a Member State to pay for the social protection floor.
- A European Framework Directive on Social Services of General Interest (SSGI) to ensure the continuity of supply and fair access to SSGI for everyone. Social Services of General Interest must be of the highest standard, accessible to everyone and affordable.
- A Child Guarantee to be urgently put in place ensuring that every European child at risk of poverty will have access to free health care, free education, free childcare, decent housing and adequate nutrition.
- A European integrated plan to combat child poverty should be urgently adopted including both the Child Guarantee and programmes offering support and opportunities for parents to overcome social exclusion and be integrated into the labour market;
- A Directive on implementing the principle of equal treatment between persons irrespective of religion or belief, disability, age or sexual orientation, which is stuck in Council since long ago.
- A full and swift implementation by Member States of the UN Convention on the Rights of People with Disabilities (UNCRPD) and the launch of a new Action Plan for the EU disability strategy 2015-2020.
- Implementing and supporting a sustained transition from institutional care to family-based and community-based alternatives for children, persons with disabilities, persons with mental health problems and older people in Europe by using of European Structural and Investment Funds in the Member States in order to restore human dignity, equality and the respect for human rights.
- Member States to act swiftly on the current migration and refugee crisis and guarantee that refugees have access to quality housing, health care and education, labour market and social protection, and ensure their inclusion in society.

## 6. ENSURING QUALITY JOBS FOR ALL

The quality of jobs has a direct impact on labour productivity and labour market resilience. It comprises elements such as living wages, job security, access to education and lifelong learning, occupational health and safety, the appropriate balance between work intensity and job autonomy, employee participation and empowerment as well as an adequate balance between work and private life. However, except for the education and learning aspect, all other elements have been either disregarded or negatively affected by the crisis and austerity-driven structural reforms. As a consequence, labour market segmentation, including low-wage traps, part-time traps, sectoral and occupational segregation and wage dispersion have increased significantly. Precariousness and social exclusion are the direct consequence of this development.

### 6.1 Combating precariousness

The disparities in employment protection are a key source of segmentation. Many Member States have tackled this segmentation by reducing the protection for permanent contracts with a view to facilitate job creation. Until now, the success of these measures has not been proven. On the contrary, they have increased precariousness to a level that is harmful to productivity. Reducing labour market segmentation must therefore start by ensuring dignity at work and decent labour and social standards for all workers.

Another reason for inequalities and precariousness is employment polarisation, where employment is increasingly divided into high and low-skilled jobs. This must be addressed by focusing on the bottom of the labour market, particularly by improving working conditions for low-skilled workers.

**The S&D Group calls for:**

- A Directive on decent working conditions guaranteeing every worker access to a core set of rights from the signature of the contract, including equal treatment, social protection, protection against dismissal, health and safety protection, provisions on working/rest time, freedom of association and representation, collective bargaining, collective action, access to training and to lifelong learning.
- Strengthening the scoreboard of key employment and social indicators in the EU Semester through binding targets on the quality of jobs, based on Eurofound's metrics of 'job quality'.

**6.2 Improving reconciliation of private and work life**

The increasing labour market participation of women, changing family forms and demographic pressure from an ageing population have made the reconciliation of work and family one of the major topics on the European social agenda. Policies regarding childcare services, leave facilities, flexible working arrangements and other reconciliation policies such as financial allowances for working parents, must be supported and promoted at the EU and national level.

The target of 75% employment rate set in the Europe 2020 is unlikely to be achieved for women (currently at 63.5%) by 2020 should there be no large-scale improvements in the provision of measures to support women's labour market participation, predominantly through policy packages equalizing the workload related to family and domestic activities between men and women. A stronger cohesion and enhanced accessibility of leave systems in Member States (encompassing maternity, paternity and parental leaves) increases take-up rates and the overall efficiency of policy packages to support families.

**The S&D Group calls for:**

- A legislative initiative aimed at revising Council Directive 92/85/EEC on maternity leave, with special focus on pregnant workers
- A new Directive on Paternity Leave

- The revision of the Directive on Parental leave
- A legislative initiative on Carers' Leave
- Actions to promote innovative working time arrangements, reconciliation plans, return to work programmes, communication channels between workers and the workplace, and putting the emphasis on transformative policies to change behaviours and attitudes towards all types of leaves  
Investment in affordable and quality childcare and elderly care to enable more women and men to join the labour market.

## **7. IMPROVING OCCUPATIONAL HEALTH AND SAFETY STANDARDS**

Every worker must have the right to the highest occupational health and safety standards, irrelevant of the size of the employer, the underlying contract or the place of employment. Therefore the S&D Group firmly rejects any deregulation at the expense of workers health and safety. A strong and comprehensive health and safety strategy leads to multiple benefits, such as higher productivity, lower healthcare costs, a higher number of older workers in employment and more efficient working methods and technologies. Poor health and safety at the workplace, on the other hand, is very costly, not only for the individual workers but also for employers and society at large.

### **The S&D Group calls for:**

- A real European strategy on Health and Safety 2016-2020 with a focus amongst others on new types of occupational diseases.
- The protection of all workers against long working hours by a strict implementation of the Working Time Directive and the respect of the related rulings of the European Court of Justice: perpetuation of existing reference periods (rule of 48 hours/week), right to an annual leave also during sick leave and recognition of on-call time as working time
- A Directive on work related musculoskeletal disorders and a revision of the Directive on the protection of workers from the risks related to carcinogens and mutagens at work.
- A legal framework for occupational stress related diseases.
- An asbestos register to be put in place in all Member States.

## 8. DEFENDING WORKERS' RIGHTS

The safeguarding of fundamental social and labour rights in an era of globalisation is a major challenge, even more so as conservatives and neo-liberals are pushing hard for the deregulation and lowering of social and employment standards. The S&D Group remains strongly committed to defending and promoting workers' rights and to improving working conditions. We stand for equality and non-discrimination at the work place and we continue to fight against any attempt to undermine existing labour and social standards.

According to the Treaty on European Union and the European Charter of Fundamental Rights, the Union must promote social dialogue and the right of collective bargaining, the right of information and consultation of workers and the right to fair and just working conditions. The European Union should therefore promote the unionisation of workers. This is particularly important for vulnerable workers in atypical employment situations as well as posted workers. Unionisation is essential to empowering workers, to protecting them against abuses and exploitation and in enabling them to better exercise their rights.

The increase of precarious employment in recent years underlines the need for new approaches to ensure decent working conditions and adequate social protection for all workers in Europe. New forms of contractual arrangements, such as crowd-sourcing/crowd-working and zero-hour contracts, as well as on the increasing number of self-employed persons are a particular challenge in this context. Any circumvention of existing social and labor standards must be prevented.

### **The S&D Group calls for:**

- A European workers' statute with a view to protecting all workers in Europe, safeguarding their dignity and preserving European unity.
- A Directive on atypical work, possibly preceded by a green paper consultation.

- The definition of a worker and the definition of work versus service provision, which would allow for a better tackling of bogus self-employment.
- Support structures providing help and advice to posted and migrant workers to be created in all Member States with the support of the European Union and the participation of trade unions.
- Support and promotion of the unionization of workers.
- Respect of Trade Union Rights in accordance with the ILO standards and the principles of the EU Charter and the European Charter of Human Rights.

## **9. STRENGTHENING SOCIAL DIALOGUE**

Social dialogue is a key instrument for improving working conditions. The objective should therefore be to ensure the best conditions possible for the dialogue between social partners in order to allow them for reaching agreements on issues of competence and the continuous advancement of industrial relations. A precondition in this context is the existence of strong trade unions, the participation of employees in company matters and a strengthening of collective agreements. Europe must boost the quality of social dialogue also at the European level, including in the framework of the European Semester as well as in the legislative process and pre-legislative planning. In this context, social partner consultations should be timely and meaningful, allowing for the necessary analysis and integration of proposals in decision making processes.

The promotion of a socially just corporate governance framework at the European level will also have a positive impact in reducing inequalities. The focus must be on promoting greater economic democracy putting in place and strengthening legislation requiring employee representatives on company boards and remuneration committees, systems of tax advantages to employee owned companies, cooperatives and mutuals, as well as funds providing loans to assist employee-buy outs. By applying high standards of corporate social responsibility, undertakings can play an essential role in achieving an economic model that is socially just and can help to tackle inequalities. In this regard, European legislation on corporate social responsibility would provide a far more effective solution than voluntary schemes.

**The S&D Group calls for:**

- A legal framework on the information and consultation of workers for the anticipation and management of restructuring.
- A revision of the European Works Council Directive and the strengthening of employees' participation in company matters.
- Adequate information and consultation rights covering all workers, including those in subcontracting chains and franchises.
- Better Corporate Social Responsibility and Corporate Governance including enhanced workers' participation.
- A swift transposition by the Commission of the Social Partners' Framework Agreement on health and safety in the hairdressing sector to the Council.
- A Directive implementing the Social Partners agreement on ILO Convention 188 regarding Work in Fishing.

**10. FAIR MOBILITY AND MIGRATION: THE FIGHT AGAINST  
SOCIAL DUMPING**

The right to free movement of citizens and workers is a core European value and a fundamental right of European citizens. It is also a pillar of the success of the European Union's single market. However, the lack of ambition and dedication on the part of the European Commission and some Member States to defend the European social model is resulting in the spreading of social dumping, unfair competition and market distortions. This comes not only at the expense of workers, irrespective of whether they are mobile, migrant or domestic workers, who are deprived of basic social and labour rights. It is also at the expense of companies, which abide by the rules. It is also one of the causes for increasing racism, xenophobia, nationalism and protectionism.

For us it is not acceptable that scrupulous companies increase their profit margins by exploiting workers as cheap labour and depriving them of their labour and social rights. We stand for a Europe where economic freedoms do not outweigh social rights. We are firmly committed to fight social dumping, discrimination and the exploitation of workers, especially those who are posted.<sup>9</sup>

Europe must put an end to social dumping and ensure the principle of equal pay for equal work at the same place irrespective of the labour contract or the type of worker. These are crucial aspects for combining social protection and fair mobility in Europe. To this end the legal framework for the cross-border movement of workers must be significantly improved, to ensure the freedom of movement while safeguarding wages, an effective financing of social security schemes, social standards, occupational health and safety as well as collective bargaining and the autonomy of social partners in the host countries.<sup>10</sup> At the same time, the risk of brain-drains must be mitigated through greater investments in the worker's home countries and measures supporting circular migration.

The principle of equal treatment for third country nationals is fundamental in order to tackle both the non-discrimination and integration of migrant workers, as well as to avoid social dumping. The shorter the permit to stay and work, the lower the chances for migrants to have their rights recognised and respected or for social dumping to be prevented. The vulnerability of migrants in the labour market must be reduced, especially when they result from precarious short-term work/residence permits. All the existing and future EU legal tools in the area of migration should be better coordinated and should implement the equal treatment principle in a coherent way.

Trade agreements between the EU and third countries which include temporary labour migration schemes or schemes for the movement of natural persons must allow for the effective enforcement of the equal treatment principle, to include making cross-border mobility conditional on equal treatment in terms of wages and working conditions.

Moreover, the transport sector needs appropriate responses to the legal loophole created by flags of convenience and letter box companies, which creates an extreme situation of social dumping. In this case, workers are subject to the most convenient legislation for employers, often non EU law, wherever the company is located.

<sup>9</sup> S&D Group position paper 10 demands to fight social dumping and protect all workers

<sup>10</sup> "Europe - A Call for Change" 24 June 2014.

**The S&D Group calls for:**

- A full revision of the Posting of Workers Directive to guarantee the principle of equal pay for equal work, to prevent social dumping, to end the exploitation of posted workers, to introduce an unconditional system of joint and several liability covering all economic sectors and to ensure fair competition. Furthermore the coverage should be extended to posted workers from third countries whose undertaking is located in a third country.
- A Regulation on new EU anti-social dumping rules empowering the Commission to investigate social dumping in cross-border cases and to impose fines on undertakings which violate European rules. A special focus should be placed on subcontracting, letter box companies and bogus self-employment in this context.
- A European agency in charge of the investigation of cross-border cases of social fraud to ensure the enforcement of social and labour legislation in the EU.

- The creation of an electronic social security card to ensure transparency of economic activities and to protect worker's rights.
- A closing of loopholes regarding employment and working conditions in the transport sector (road, maritime and aviation) to ensure fair competition in compliance with national labour law.
- A revision of the regulation on the coordination of social security systems to ensure that European workers effectively benefit from their social rights and to facilitate labour mobility.
- A framework directive on working conditions and equal treatment for third country nationals to recognise their rights and prevent social dumping.
- Provisions to ensure equal treatment in terms of wages and working conditions as a precondition for labour migration schemes in the framework of trade agreements.
- A Directive on conditions of entry and stay of third-country individual service providers.

## **11. SHAPING THE DIGITAL REVOLUTION: CHANCES AND CHALLENGES**

The Digital Revolution is significantly changing the world of work and this trend will further intensify in the future. It is therefore of utmost importance to ensure that employment and social policies keep pace with the digitalisation of labour markets. So far the Commission's Digital Single Market Strategy is unfortunately limited to technical considerations thereby ignoring the Digital Revolution as key driver with regard to new forms of life and work. To overcome this shortfall the Digital Agenda must become a Social Digital Agenda which goes beyond technical aspects and takes full advantage of the related employment and growth potentials.

The Digital Revolution is a medal with two sides. On the one hand, there are positive effects of the digitalization in relation to new types of employment which offer for example a better work-life balance or additional income. There are also new chances linked to the digitalization when it comes to fighting unemployment and social exclusion, keeping elderly people in the work force until they reach the statutory retirement age, or reaching out to people with disabilities and people living

in rural areas. On the other hand, new working arrangements, such as crowdsourcing and crowd-working, may undermine current social and employment standards and give rise to precarious forms of employment. At the same time the digital revolution poses challenges with regard to employee data protection, workers' participation and collective agreements, the collection of taxes and social contributions in a sharing economy as well as skill requirements and life-long learning.

Europe must face these challenges and profit from the related chances in order to shape the Digital Revolution Europe in a socially just and sustainable way. A strong digital Europe must focus on the people and include a comprehensive social strategy which is to be discussed by all stakeholders. Access and participation of all citizens with regards to all aspect of the digital economy is essential, including people with special needs, elderly people, minorities and citizens belonging to other vulnerable groups.

**The S&D Group calls for:**

- Policies to ensure adequate social protection, working and employment conditions as well as workers' rights in the transition towards a digital labour market.
- A thorough assessment of the sharing economy as well as new forms of employment, such as crowdsourcing and crowd-working.
- Employee data protection measures to be developed to cover new forms of data collection.
- Enhanced social security for self-employed persons in the digital economy as well as equal treatment of persons performing work like a worker disregarding their official status.
- Social partners to discuss the inclusion of remote workers, including self-employed persons, in collective agreements.
- Strategies to ensure that taxes and social security contributions are paid for all forms of work, including non-standard forms of employment.

- A 'European Forum on Digitalisation' bringing together all relevant stakeholders, including social partners, to discuss how to shape the future of Digital Europe.
- The promotion of teaching and interest in mathematics, IT, science and technology as well as paid educational leave for workers.
- More incentives for women to work in the ICT sector as well as specific qualification and training measures to overcome the gender gap in this field.
- Specific measures aiming to address the needs of people with disabilities, elderly people and people living in rural areas.