



# pub. alert

## Benchmarking Working Europe 2017

**Edited by Maria Jepsen**

*Benchmarking working Europe* is an annual publication, first published in 2001, which monitors the state of labour and social affairs in the European Union using a multi-dimensional set of indicators. It aims at establishing what progress, or lack thereof, has taken place in selected areas of importance to the trade unions and of significance for a social Europe.

The chosen focus for the 2017 edition of Benchmarking working Europe is 'overcoming cleavages across the EU?'. Current political, economic and social divergences across the continent are preventing the European Union from successfully addressing the challenges facing the economy, environment, labour market and social protection systems, and therefore from forming a viable policy basis for Europe's future. This publication also outlines some of the policies that need to be put in place for the EU to generate higher living standards for all, based on fair integration and upwards convergence.

### Key findings

- After 10 years of stagnating and declining growth rates, the economic forecasts for Europe are looking somewhat more optimistic, albeit with a high degree of uncertainty. However, the last seven years of austerity and deregulatory structural reforms have resulted in a lack of GDP growth, a rise in unemployment, damagingly low rates of investment (both private and public), stagnating wage growth and cuts in social policy programmes.
- The economic indicators point to a slight increase in GDP that sets it, in 2016, at just 4.8% above the 2008 peak level. A major driver over this period has been export growth, leaving the EU economy more dependent on external demand.
- Private consumption remains barely above the pre-crisis level and investment is significantly lower. In addition, the pre-crisis trend towards convergence of GDP per capita has not been restored despite the modest economic upswing, and current policies will not change that any time soon.
- Quantitative easing does not seem have put an end to deflationary tendencies. The Juncker plan is far from enough to get investment back on track and does not address the divergences in economic levels and social conditions across the EU.
- Resource productivity has increased in the EU-28, but with marked differences between the Member States.
- Falling investments in renewable energy generation have transformed the EU from a leader into a global laggard in clean energy development.
- Real wage developments were more dynamic than productivity growth in 2016, despite the continuing unfavourable political and institutional setting. However, this was largely due to the weakness in productivity growth, as well as low inflation rates.



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- Minimum wage growth outstripped the average real wage growth, indicating that wages at the bottom of the scale grew faster than the average and, furthermore, primarily in eastern European Member States where the minimum wage level is lower. However, despite this growth, in most countries the minimum wage remains too low for even a full-time worker to sustain a decent standard of living.
- The deregulatory reforms in industrial relations systems that have been implemented in many countries have made pursuing a solidaristic wage policy and wage-led economic growth all the more difficult.
- Many of the improvements in the employment indicators (i.e. falling unemployment and a higher proportion of the working age population in employment in 2016 than at the outbreak of the crisis), have been driven by demographic processes rather than improved labour market performance. Between 2008 and 2016 the actual number of jobs declined, with 180,000 fewer people in employment in 2016. Older workers above 65 years of age increased their labour market participation, reflecting either a more sustainable working life or a lack of income from pensions. Young people and those with a low level of educational attainment continue to face a very difficult situation in the labour market, and long-term unemployment remains persistently high and on the rise.
- An increasing proportion of those who are in employment find themselves locked into short-hour jobs with low incomes and therefore at a greater risk of poverty, despite being in work. In general, the risk of in-work poverty has intensified during the past nine years, with workers finding it increasingly difficult to escape temporary work. While social spending has increased, it has not been enough to offset the negative consequences of the austerity policies that have been pursued.
- On social dialogue and workers' participation, while the European Union has a long-standing tradition of promoting workers' rights to information and consultation, these rights in fact differ greatly across the continent, with wide geographical divergence and half of the workers in Europe lacking any form of collective interest representation. Likewise, the cross-border or European dimension of worker's participation also displays a patchy and uneven image, both in terms of coverage and rights.

## Key recommendations

For Europe to get back on to a sustainable growth path that ensures upwards convergence, a shift towards expansionary policies is needed which would raise demand through higher public and private investment, higher public spending and higher pay levels based on a solidaristic wage policy. Fiscal policy is the key to a sustainable recovery, both to stimulate internal demand and to create the basis for a more serious investment plan.

Specific proposals include:

- the development of a fully-fledged investment strategy for the future, with a genuine focus on reducing divergences across Europe;
- promoting a solidaristic upwards wage policy;
- halting the deregulatory process;
- an expansionary fiscal policy to promote sustainable growth and convergence;
- consolidating and enhancing social protection;
- enhancing and enforcing workers' rights in the workplace;
- and committing fully to a Europe characterised by high social standards, including in the field of health and safety.

## Related publications

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