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Benchmarking Working Europe 2018

Edited by Maria Jepsen

Although economic growth has returned to Europe, wages are not keeping pace with the recovery and widening divergences are visible between different countries and across segments of the labour market. Real wages are still below 2010 levels in nine EU countries, and jobs growth is concentrated in precarious and atypical work. These are among the main findings of Benchmarking Working Europe, the annual health-check of European labour market and social affairs published by the ETUI. The report warns that deep scars remain in Europe's labour market which mean that the fruits of growth are being shared unequally and pose a threat to the recovery's sustainability.

Published annually since 2001, this year's Benchmarking Working Europe focuses 'on the path towards convergence?'. It looks at the state of working Europe with the aid of a multi-level and multi-dimensional set of indicators, and assesses the effects of the current policy stance. Each chapter analyses whether policies help or hinder the goal of convergence. This 2018 edition thus contributes an assessment of the current policy stance and suggests policies that should be put in place in order for Europe to generate higher living standards for all based on fair integration and upwards social convergence.

Key findings

- Southern European countries are diverging from the rest of the European Union on many important indicators, while the 'catching-up' process in central and eastern Europe (CEE) towards the social standards of the western and northern regions has slowed.
- While the macroeconomic indicators point to a slight increase in output growth, the average GDP per capita growth remained negative for eight countries between 2008 and 2016, and close to zero for yet another seven countries during the same period.
- Overall EU28 investment is still below its 2008 level, although with clear signs of divergence: the level of investment in lower-income and crisis-struck countries is below the pre-crisis years, while it is higher in higher-income countries.
- Real wage developments in 2017 displayed a less dynamic and more diversified picture than in 2016. CEE countries pursued their catching-up process with stronger real wage growth than in the rest of the EU, although this progress has slowed since the onset of the crisis. In addition, the 2016 trend of real wages outstripping productivity has been reversed in many countries. This is resulting in a slowdown or even reversal of the longer-term wage convergence between the EU's western European core countries and CEE and southern European countries.
- In general, the long-term development of real wages in the post-crisis period (2010-2017) has lagged behind that of the pre-crisis period (2000-2009), leaving nine EU countries with real wage levels below what they were in 2010.



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- Real wages are not increasing in line with productivity and that workers are not getting their fair share of the spoils of growth. This is a result of the years of fiscal constraint, lack of investment, deregulation of the labour market and the destruction of institutions that ensured an egalitarian wage policy.
- While headline figures tell us that a higher proportion of the working age population was in employment in 2017 than at the outbreak of the crisis, and that unemployment is decreasing, a closer look at more detailed indicators reveals quite a different story. Many of these improvements are being driven by demographic processes rather than improved labour market performance. In 2017, the number of jobs finally reached the same level as in 2008, but the volume of work is still far below.
- The number of workers that are in atypical employment against their wishes is at an alarmingly high level, and underemployment is double the unemployment rate. Convergence between countries, meanwhile, can be seen mainly in the trend towards more precarious and atypical forms of work, but not in the improvement of working standards. A particularly worrying development has been the growing distance between the most struggling countries and the better performers.
- Social protection systems seem to be struggling in the current period, with only very small increases in spending per capita since 2010 despite the growing levels of need, and a divergent trend between the southern Member States and the rest of the European Union. Social protection seems to be following the general macroeconomic trend of showing a slight improvement but clearly not for all countries, resulting in divergence between southern and northern Europe. The small gains made prior to 2008 thus seem to be evaporating.
- Social dialogue and workers' participation are ways of regulating and ensuring a democratic process at various levels. The European level has delivered rights to information, consultation and participation for workers across the European Union. However, many of these rights are difficult to exercise for various legal and practical reasons, and the time has come to take these challenges seriously and ensure that workers' rights are not being undermined by company mobility and bad implementation of the European directives.

Key recommendations

The findings reported here point to a lack of engagement with some of the fundamental issues that need to be tackled to get Europe back on to a sustainable path that will lead to an upwards harmonisation of standards and outcome. The conclusions of this report draw attention to numerous deeply disturbing trends and call for a genuine reassessment of the direction currently being followed in both EU and national policymaking.

Specific recommendations:

- The proceeds of GDP should be shared more equally among the citizens of Europe through overdue rises in real wages and action to stimulate quality jobs and investment across Europe.
- Although the European Pillar of Social Rights is a step in the right direction, it is far from being enough.
- Political commitment to investment, wage increases and quality jobs needs to be backed up by real actions and not just paid lip service.
- To ensure a stable future for Europe, the EU needs to put in place a genuine and strong investment policy, to commit to social justice, to admit that labour market deregulation has gone too far and that reregulation is needed, and to tackle the lack of workers' voice and the consequent suppression of democracy in the workplace.

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

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