

# Action Plan on the Pillar of Social Rights and EU Social Summit: Social Realignment of the EU needed

## Key points

- The COVID-19 pandemic has **exposed and exacerbated social inequalities and injustices**. Member States and the European Union are called upon in equal measure to overcome these challenges.
- **The European Pillar of Social Rights Action Plan**, which the EU-Commission presented in March 2021, includes important initiatives and projects on issues such as Sustainable Corporate Governance, working conditions in platform work and combating gender-based violence against women. Other important projects, such as the proposal for a directive on **minimum wages in the EU** and a proposal on **pay transparency** are already in the negotiation process.
- In many respects, however, the Action Plan remains at the level of non-binding set of recommendations and „soft law“ initiatives, such as the recommendation on minimum income. This approach is inadequate for the further development of a social Europe.
- The Porto Social Summit (7 and 8 May, 2021) and the launch of the **Conference on the Future of Europe** are important opportunities to (once again) put social issues on the agenda.
- In order to successfully cope with the impacts of the COVID-19 crisis and, in the medium to long term, with the climate crisis, and to improve working and living conditions of EU citizens, a **social realignment of the EU**, in terms of a socio-ecological transformation, is needed.

## Background

### The COVID-19 crisis as a magnifying glass for social inequalities

The COVID-19 crisis has further exposed the various dimensions of social problems – such as unemployment, the risk of poverty and social exclusion – and exacerbated injustice. Those who were already affected by the unequal distribution of paid and unpaid work, income and wealth were hit particularly hard. Cutbacks and privatisations in health care systems are proving to be fatally flawed across Europe. However, the crisis has also shown that **countries with strong social security state protections and a functioning social partnership get through the crisis better than others**. [Recent research results](#) also show that countries whose social security systems are more reliable and forward-looking have higher resilience, resistance, and recovery capacity. To overcome the immense challenges of the COVID-19 pandemic, **coherent and sustainable initiatives are needed in the Member States and at the European level to strengthen the social dimension of the European Union while contributing to achieving socio-ecological transformation**.

### The Action Plan for the Implementation of the European Pillar of Social Rights

### The 20 principles of the European Pillar of Social Rights

The [European Pillar of Social Rights](#) (EPSR) was proclaimed by the European institutions and the Member States long before the COVID-19 crisis began - at the Social Summit in Gothenburg in November 2017). The pillar consists of 20

principles, in the field of „**equal opportunities and equal access to the labour market**“, „**fair working conditions**“ and „**social protection and inclusion**“. In March 2021 – one year after the start of the COVID-19 crisis – the EU-Commission presented the long-awaited [EPSR Action Plan](#), which aims to convert the 20 principles into concrete measures. The Action Plan is a core element in the EU-Commission social and labour market policy agenda and is intended to contribute to building a strong social Europe. Also addressed in the Action Plan is the 673.5 billion euros under the [Reconstruction and Resilience Facility](#) (RRF) and its importance for social recovery. The European Pillar of Social Rights and its Action Plan are important steps towards a more social Europe and a chance to reshape the social architecture in Europe.

**Three headline targets: Employment, training, poverty reduction**

To successfully address the social challenges of the COVID-19 pandemic, the EU-Commission has proposed **three EU headline targets to be achieved by 2030** through the Action Plan, which are consistent with the [UN Sustainable Development Goals](#).

The targets proposed by the EU-Commission are important and welcomed, however, in parts they seem to lack ambition. The EU, for instance, aimed to reduce the number of people at risk of poverty in the EU by 20 million between 2010 and 2020 but clearly failed to achieve this. In 2019 – even before the COVID-19 crisis – 91 million Europeans were at risk of poverty and social exclusion. Though this is 12 million less than in 2008 and 17 million less than in 2017, the

target of 20 million was not met. The UN poverty goal requires the number of people at risk of poverty and social exclusion in the EU to fall below 60 million by 2030. In light of the fact that the crisis is increasing social exclusion and the risk of being affected by poverty, ambitious goals are needed rather than steps backwards.

Unfortunately, the employment target also remains below expectations. The EU 2020 employment target already foresaw an employment rate of 75% – and this target was also not reached. The UN goal promotes that full and productive employment, and decent work for all women and men, should be achieved by 2030. Thus, the 78% that the EU-Commission has set clearly falls short of the UN goal.

**Important social and labour market policy projects in the coming years**

With the Action Plan, the EU-Commission has once again summarised the most important (legislative) proposals for the coming years – mainly initiatives that have already been announced. **Initiatives on Sustainable Corporate Governance** („Supply Chain Act“), **on the working conditions of platform workers** and **on combating gender-based violence against women are**, for example, **expected** in 2021. All three of these are very important legislative proposals and therefore are to be welcomed. The pressing need for an EU Supply Chain Act and the issues it would have to address have become the subject of a [Europe-wide campaign](#). Also, the Austrian Chamber of Labour has already made [concrete proposals](#) on what an EU Platform Work Directive should look like.

| Target | At least 78% of the population aged 20 to 64 should be in employment by 2030   | At least 60% of all adults should participate in training every year                                    | The number of people at risk of poverty or social exclusion should be reduced by at least 15 million by 2030 |
|--------|--|---|--|
|        | at least halve the gender employment gap compared to 2019  | at least 80% of those aged 16-74 should have basic digital skills                                       | at least 5 million children less in poverty  |
|        | increase the provision of formal early childhood education and care (ECEC)   | early school leaving should be further reduced and participation in upper secondary education increased |  |
|        | decrease the rate of young people neither in employment, nor in education or training (NEETs) aged 15-29 from 12.6% (2019) to 9% |   |  |

Source: European Commission (<https://ec.europa.eu/social/BlobServlet?docId=23696&langId=en>), March 2021

Other future initiatives to **promote the Social Economy, fight homelessness** and promote affordable housing are also on the agenda. In the context of the COVID-19 crisis, the issue of health has also come back into focus: thus, the Action Plan also provides for **a New Strategic Framework on Health and Safety at Work**, as well as proposals on **Access to Healthcare** and **Long-Term Care**. Moreover, the Austrian Chamber of Labour has already made concrete proposals on what [EU minimum standards for working conditions in health professions](#) should look like.

In parallel with these initiatives, many projects are already in the negotiation process. The proposal for a [Directive on Adequate Minimum Wages in the EU](#), for example, was presented in October 2020. It is especially disappointing that some Member States (including Austria) and employer representatives are strongly opposing the important issue of Europe-wide minimum wages. Moreover, the EU-Commission has presented a [proposal on Pay Transparency](#), which is also an important and long overdue project. To fight high levels of child poverty, the EU-Commission has also proposed a **proposal for a Child Guarantee**.

Other important initiatives, such as the **European Labour Authority** and the **introduction of the Social Policy Scoreboard** within the European Semester framework, have already been implemented and only require follow-up measures.

Along with the new Action Plan, the EU-Commission also presented a [Recommendation on Effective Active Support to Employment](#) (EASE) in the aftermath of the COVID-19 crisis, which aims to support Member States to set labour market initiatives aiming at protecting and creating jobs, such as by **significantly increasing the capacity of public employment services**.

### Numerous „soft law“ initiatives dampen the euphoria

The Action Plan contains many important proposals, but also numerous soft law initiatives and non-binding recommendations from the EU-Commission for the Member States. For 2022, for example, the EU-Commission has addressed an important issue by announcing an **Initiative on Minimum Income**. However, this is to be merely a recommendation, which would not be legally binding – a step backwards, as the EU-Commission previously said it would be a binding directive. Whether incentives and recommendations will be enough to make the European Union more social is highly questionable.

Moreover, the list of projects lacks a proposal for a [Directive on Minimum Unemployment Insurance](#), as the Austrian Chamber of Labour and trade unions have been demanding for many years. Particularly in times of crisis and high unemployment, an initiative in this area is more than necessary.

### Porto Social Summit and the Future of Europe

The Porto Social Summit (7 and 8 May, 2021) is another opportunity to put existing and new social issues on the agenda. This will require an ambitious declaration that includes the adoption of the Action Plan and **strong commitment from all institutions and Member States to implement it**. It will be important to ensure that social targets remain a priority at the [Conference on the Future of Europe](#), due to start on 9 May, 2021. A [Eurobarometer survey](#) published in the run-up to the Action Plan revealed that a social Europe is also important to Europe's citizens: **88% of respondents considered a social Europe to be important for them personally**.

To overcome social and labour market challenges in the long term, **the Austrian Chamber of Labour believes that a fundamental structural change is needed, as well as a shift in thinking towards a social union**, in which fundamental social rights take precedence over the market freedoms and competition rules of the EU internal market.

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## Need for a social realignment of the EU

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The Austrian Chamber of Labour has been advocating for ambitious and concrete measures to improve the working and living conditions of people in the EU for years and has furthermore been calling for a [social realignment of the European Union](#), in which the well-being of citizens has priority over market interests.

- In the wake of the COVID-19 crisis, the European Semester for 2021 will take place in a revised manner and the application of the fiscal rules of the Stability and Growth Pact will be suspended. These immediate changes should be merged into a **fundamental reform process**. European economic policy and the European Semester must be refocused on the **goal of sustainable development of social prosperity** and well-being.
- A **social progress protocol** must be enshrined in EU primary law, which guarantees that, in case of doubt, **fundamental social rights take priority over the market freedoms and competition rules of the EU internal market** and that deteriorations in workers' rights and social security are ruled out in future by regulations and measures at EU level.
- **High mandatory social standards** – for example in unemployment insurance, minimum security, continued payment of wages, legal rights to further education and universal access to basic services – must apply to all citizens in the EU states.
- In order to successfully overcome the consequences of the COVID-19 pandemic and the climate crisis, **investments in the future in terms of a socio-ecological transformation („just transition“)** are necessary. The focus of these investments should be on **climate protection and central areas of foundational economy** – in particular housing, health and care, education and training, childcare as well as public transport. Likewise, vocational retraining for the health or care sector or educational offers for future industries in the field of digitalisation are also necessary. In view of the crisis, it is also important to **strengthen the European welfare states** and not - as in the last economic crisis - to rely on austerity measures.
- These **public investments in the future** should be excluded from the EU fiscal rules. This requires a **golden rule for investment**. In the long term, only a well-developed welfare state based on solidarity can ensure a high quality of life and location and strengthen social cohesion.
- In the mid- and long-term, **non-action** in central areas leads to enormous costs that future generations will have to shoulder. The fact that these investments are profitable and also have considerable positive economic and social effects is often neglected in debates.

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## Literature

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AK EUROPA (2020): [Consultation on the implementation of the European Pillar of Social Rights](#)

AK EUROPA (2020): [Policy Brief, Improving Conditions for Health Professionals and Live-in Care Workers](#)

AK EUROPA (2021): [Policy Brief, Platform work](#)

WIFO (2021): [Labour Market Monitor 2020](#)

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## AK EUROPA

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The Austrian Federal Chamber of Labour is by law representing the interests of about 3.8 million employees and consumers in Austria. The Austrian Federal Chamber of Labour is registered at the EU Transparency Register under the number 23869471911-54.