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Social Rights for All?

Time to Deliver on the
European Pillar of Social Rights.



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European Pillar of Social Rights.

Edited by
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A silhouette illustration of a diverse group of people of various ages and ethnicities, standing together. The silhouettes are in shades of gray, with some in the foreground being darker than others in the background.

Social Justice Ireland

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INTRODUCTION

The European Union (EU) never fully recovered from the impact of the financial crisis of the late 2000s. Without a substantial and coordinated response now to the impacts of Covid-19, Brexit and the climate crisis, the current social and economic crisis could have even more serious repercussions. Major change is required for survival. A strong response based on the European Social Model is essential for success. This response must include investment in a sustainable future and in our social and human capital. It must also move towards more participative forms of governance where people have a real say in shaping the decisions that impact on them. The European response must be focused on protecting people across the lifecycle, young and old, men and women, those with an income and those without. It must be sustainable economically, socially and environmentally. Above all, it must be based on the values of human rights, human dignity and the common good and be ethical at its core.

It is time to deliver on the European Pillar of Social Rights.

Focusing on the twenty first century alone, we see that the original Lisbon Strategy failed so badly to address effectively the economic and social challenges of the new Millennium that it had to be revised half way through its ten-year lifespan. The revised version eliminated the social aspects of policy that had been a feature of its original iteration. This decision was based on the false assumption that the *social* aspects of policy were holding back the *economic* priorities of job creation. Social policy was sidelined and marginalised. This analysis and action, in turn, proved to be misguided and in 2010 the Lisbon Strategy was replaced by the Europe 2020 strategy.

In practice this also has not had the positive impact on societal aspects of policy that it is meant to address. Of particular significance is its failure to reduce poverty or to make major progress towards reaching the target set. Failure during the second decade of this century to deliver on targets such as poverty reduction, cutting long-term unemployment and improving the availability of quality services, will have major implications for the future of the EU, as it is strengthening the growing conclusion that it is not a democratic or social project but is, rather, delivering outcomes that favour the economically powerful.

A more integrated policy response across the European Union is needed, and urgently. The European Pillar of Social Rights could be such a response. However

it requires major political will to ensure that the EU can effectively meet the major challenges presented by the rapidly changing new realities facing the planet, the continent and its individual member countries. To get the support required to deliver such a response, a primary focus must be on tackling the damage to social cohesion across the European Union caused by the last crisis, and continuing with the current one, and on ensuring that this damage is repaired.

The stated aim of the European Pillar of Social Rights is to take account of the changing realities of Europe's societies and the world of work. Failure to deliver a balanced policy approach between economic, social and environmental policy across the European Union for several decades has contributed to the crisis that Europe finds itself in today.

Every country in the European Union has a role to play, and Ireland is no exception. The Irish contribution to the reduction in poverty across Europe has been minimal, we have a persistent long-term unemployment problem and an increasingly privatised public services sector. Our addressing of sustainability issues has been rhetorical rather than real. The action demanded of Ireland to reach our 2030 targets and engage meaningfully with the European Pillar of Social Rights requires urgent policy implementation. We need a new Social Contract, meaningful Social Dialogue and a commitment to Wellbeing for All.

And we need action now.

These papers were originally presented at a conference organised by *Social Justice Ireland* on the theme: Social Rights for All? Time to Deliver on the European Pillar of Social Rights.

Social Justice Ireland expresses its deep gratitude to the authors of the various chapters that follow. We wish to thank them as they have made this publication possible. They brought a great deal of experience, research, knowledge and wisdom to their task and contributed their time and obvious talent to preparing these chapters.

This work is partly supported by the SSNO funding scheme of the Department of Rural and Community Development and Pobal. A special 'thank you' to them.

Social Justice Ireland advances the lives of people and communities through providing independent social analysis and effective policy development to create a sustainable future for every member of society and for societies as a whole. We work to build a just society through developing and delivering credible analysis

and policy to improve society and the lives of people. We identify sustainable options for the future and outline viable pathways forward. In all of this we focus on human rights and the common good. This publication is a contribution to this process.

In presenting these chapters *we* do not attempt to cover all question that arise around this topic. This volume is offered as a contribution to the ongoing public debate around these and related issues. We trust that those engaged in shaping Ireland's future for the coming decades will find it of value.

Brigid Reynolds
Seán Healy
Susanne Rogers

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A silhouette of a diverse group of people of various ages and ethnicities, standing in a line. The silhouettes are dark grey against a white background.

Social Justice Ireland

1. A Strong Social Europe for just transitions and recovery: Implementing the European Pillar of Social Rights

Santina Bertulesi

On 4 March 2021, the European Commission presented its European Pillar of Social Rights Action Plan. It constituted the Commission's contribution to the Social Summit organised by the Portuguese EU Council Presidency in Porto on 7 and 8 May. The message from Porto is unequivocal. Europe has decided to put social justice, social investments and social resilience at the heart of the recovery. Social rights must drive Europe's transition towards a green and digital economy and society.

For many decades now, Europe's recipe for success has been its unique social market economy model. In this social and economic model, economic competitiveness, innovation, social justice and high social standards reinforce each other. Many people, both in Europe and around the world, associate the European Union with a promise of prosperity.

The Lisbon Treaty stipulates that the EU shall work towards a “competitive social market economy”. In her Political Guidelines for the European Commission, Commission President Ursula von der Leyen stressed the particular urgency of strengthening the social market economy in times of reshaping our industrial and economic systems: “It is high time that we reconcile the *social* and the *market* in today's modern economy.”¹

Covid-19 and the deepening of pre-existing inequalities

With the impact of the Covid-19 pandemic, the European Union has been hit by a second profound economic and social shock in the time span of a decade.

Even more so than with the financial crisis, all EU Member States have been gravely affected by the Covid-19 pandemic. However, some regions, sectors and societal groups have been hit considerably harder than others.

¹ https://ec.europa.eu/info/sites/default/files/political-guidelines-next-commission_en_0.pdf

Young people, for instance, tend to be over-represented in the hardest-hit industries (art and entertainment, travel and transport, tourism and hospitality) and thus have been disproportionately affected in the labour market. The youth unemployment rate surpassed 18% in the summer of 2020 and declined to 16% by July 2021. Still, it remains around twice as high as that of the total population.

Low-skilled workers, those in non-standard forms of employment and the self-employed were particularly vulnerable to the economic impact of the Covid-19 pandemic. The toll has also been high for long-term care facilities and nursing homes and for older people, who were the main victims of the health emergency, especially in its initial phase.

Healthcare professionals were particularly affected by the pandemic, which highlighted structural challenges related to shortages of staff, working conditions, problems with retention of workers due to low attractiveness of professions and exposure to high stress levels. Similarly, frontline workers in systemically essential occupations were exposed to increased workloads, health risks and, very often, poor working conditions.

At the same time, reduced working hours and job losses in many professions and declining income have financially weakened several business ecosystems, regions and vulnerable households.

In addition, extensive constraints on social life and necessary restrictions to individual mobility have led to the widespread - mandatory or recommended - use of remote work and online learning, while also eroding overall well-being.

European solidarity in the fight against the impact of the Covid-19 pandemic

In contrast to the policy responses implemented after the financial and economic crisis over ten years ago, the EU's approach to the Covid-19 pandemic is built on enhancing economic and social resilience, boosting social investment and promoting solidarity while supporting fair and inclusive green and digital transitions.

In spite of a major drop in GDP in 2020, the comprehensive public policy measures swiftly adopted at the national and the EU level contributed to cushioning the labour market and social impact of the pandemic. The EU unemployment rate rose in 2020 to 7.0% of the labour force, a relatively modest 0.3 percentage points above the rate registered for 2019. Overall, the increase in

the EU unemployment rate in 2020 has hence been lower than the one observed during the 2008 financial and economic crisis, while income support measures have so far mitigated an increase in income inequality.

Among the key measures deployed were the activation of the general escape clause of the Stability and Growth Pact, a new temporary framework for state aid, two packages of support (Coronavirus Response Investment Initiative, so-called CRII and CRII+) introducing extraordinary flexibility in the use of the European Structural and Investment Funds to fight the consequences of Covid-19², as well as a new instrument to provide funding solidarity to Member States for job-retention measures – the Temporary Support to mitigate Unemployment Risks in an Emergency (SURE).³ So far, around €90 billion in SURE loans have been disbursed to 19 Member States, benefitting 31 million persons and roughly 2.1 million businesses in 2020.⁴ The demand from Member States for financial assistance under SURE has been strong, over 94% of the total envelope of €100 billion has been allocated. National labour market measures supported by SURE have likely reduced unemployment by almost 1½ million people in 2020.⁵ Moreover, keeping the available workforce connected with firms has also helped support a swift recovery in 2021.

The immediate crisis management measures must be seen as a significant expression of solidarity by EU Member States. For a successful recovery and just green and digital transitions, Europe needs to act in the same spirit of unity and solidarity. It needs to put the European Pillar of Social Rights at the heart of its strategy to rebuild fairer, more inclusive and resilient economies and societies.

The implementation of the European Pillar of Social Rights: joining forces to achieve common goals

The Commission wants to ensure that the economy of the future works for people. This should go hand in hand with the full implementation of the

² https://ec.europa.eu/regional_policy/en/newsroom/news/2020/04/04-02-2020-coronavirus-response-investment-initiative-plus-new-actions-to-mobilise-essential-investments-and-resources

³ https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/financial-assistance-eu/funding-mechanisms-and-facilities/sure_en

⁴ https://ec.europa.eu/info/sites/default/files/economy-finance/sure_one_year_on.pdf

⁵ This also explains why the increase in unemployment rates in 2020 across beneficiary Member States was clearly milder than during the global financial crisis, despite the more severe drop in GDP in 2020.

European Pillar of Social Rights proclaimed by the European institutions and all Member States at the Social Summit in Gothenburg in November 2017.

This aspiration also enjoys strong popular support across Europe. According to a Eurobarometer survey published in March 2021, nine out of ten people in the European Union believe that a social Europe is important to them personally, with Irish respondents topping the list at 94%.⁶ Europeans are right to stick to the promise of a strong social market economy, with equal opportunities, equal access to quality education, quality jobs and strong social, health and care systems.

These specific expectations are reflected in the 20 principles of the European Pillar of Social Rights, which provide a compass for labour market and social policies.⁷ The effective implementation of the Social Pillar depends to a large extent on the determination and concerted action of Member States, regions and municipalities, which are primarily responsible for employment, education and social policies, but also of the social partners and civil society organisations. Action at EU level is there to support their joint efforts.

This subsidiarity principle is a key value of our European legal order. An active subsidiarity approach is also the starting point of the European Pillar of Social Rights Action Plan published by the Commission on 4 March 2021. It is a call for the engagement of all relevant political levels and stakeholders to fully implement the Social Pillar.

In order to support the joint efforts, the Action Plan defines three social targets at EU level to be achieved by 2030, which will help to steer national policies and reforms. First, at least 78% of the population aged 20-64 should be in employment by 2030. Secondly, at least 60% of adults should participate in further training each year. Third, the number of people at risk of poverty or social exclusion should be reduced by at least 15 million persons by 2030. These targets were welcomed by the Heads of State or Government at the Porto Social

⁶ <https://europa.eu/eurobarometer/api/deliverable/download/file?deliverableId=75132>

⁷ https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-20-principles_en

Summit of 7-8 May 2021, by means of their Porto Declaration⁸, and eventually also by the June European Council.⁹

By co-signing the Porto Social Commitment on 7 May 2021 with the Presidents of the European Parliament and the Commission and the Portuguese Prime Minister, European umbrella organisations of trade unions, employers and civil society have, for the first time, made the implementation of the Social Pillar a common goal, welcoming the Action Plan and the new 2030 targets.¹⁰ To this end, they have called for a regular assessment of progress made at the highest political level. This strong joint commitment has been reflected in the Porto Declaration of the EU Heads of State or Government.

The Social Pillar Action Plan provides an overview of all available instruments and measures that the EU can use to support Member States, regions, municipalities and other partners. This is of course also about the European Multiannual Financial Framework 2021-2027 and the new NextGenerationEU stimulus package, which together with €1.8 trillion is the largest investment package ever funded by the EU budget. Social reforms and investment need to drive the economic recovery, in order to enable fair and inclusive green and digital transitions.

Among the cohesion policy funds, the European Social Fund Plus (ESF+) worth almost €100 billion is a key instrument to invest in people. It will help our labour force adjust to the twin transitions, invest in youth and children, and provide pathways for social inclusion.

NextGenerationEU – and the Recovery and Resilience Facility as its centerpiece – will be crucial in mitigating the social consequences of the pandemic. The implementation of the national recovery and resilience plans will create the conditions for investments and reforms leading to inclusive growth, job creation and social and territorial cohesion. These plans need to address effectively the Country Specific Recommendations adopted in the context of the 2019 and 2020 cycles of the European Semester. A good number of these recommendations tackle employment, education, active labour market policies, public employment services, adequacy of social safety nets, fight against poverty

⁸ <https://www.consilium.europa.eu/en/press/press-releases/2021/05/08/the-porto-declaration/>

⁹ <https://www.consilium.europa.eu/media/50763/2425-06-21-euco-conclusions-en.pdf>

¹⁰ <https://www.2021portugal.eu/en/porto-social-summit/porto-social-commitment>

and social exclusion. The national recovery and resilience plans submitted by the Member States include both social investments and reforms. The estimated social spending (including health) amounts so far to around 30% of the available financial envelope.

The European Semester remains the governance framework to monitor progress on the implementation of the Social Pillar by Member States. The Joint Employment Report will continue identifying priority areas for policy action in the employment, skills and social domains. It will newly integrate the three EU headline targets by 2030, and have a stronger focus on Social Pillar principles. For that purpose, it will notably benefit from the revised Social Scoreboard¹¹, which allows for a better and more comprehensive alignment between the Scoreboard indicators and the twenty Social Pillar principles.

From crisis management to recovery and just green and digital transitions

The EU's policy response is indeed shifting from offering immediate crisis relief to fostering the recovery. The Commission has set out policy measures for a successful transition from crisis to recovery. In its Recommendation on Effective Active Employment Promotion (EASE) following the Covid-19 crisis of 4 March 2021¹², the Commission proposes concrete guidelines for a gradual transition from the crisis measures described above to active labour market policies. The EASE Recommendation provides guidance to support quality job creation by focusing on up- and reskilling, job-to-job transition, hiring incentives and subsidies as well as the efficient use of EU funds; it particularly targets youth and vulnerable workers. These policies aim at anticipating and accompanying labour market reallocations, setting the conditions for a quality job-rich recovery.

Accelerating the transition to a green and more digitalised economy, while ensuring it is fair and inclusive, needs to take into account the pandemic's long-term impacts on the global transformation of working practices and of the definition of the workplace itself. There is notably a need for a strong investment

¹¹ At the 14 June 2021 EPSCO Council, Ministers endorsed the opinion of the EMCO and SPC on the Commission proposal for a revised Social Scoreboard, agreeing to the use of the new headline indicators, and not objecting to using the proposed secondary indicators to support the analysis in the Joint Employment Report, until an agreement is reached regarding the inclusion of secondary indicators in the Scoreboard: <https://data.consilium.europa.eu/doc/document/ST-9314-2021-INIT/en/pdf>

¹² <https://ec.europa.eu/social/BlobServlet?docId=23699&langId=en>

offensive in education and training and in re-skilling and upskilling. This is the only way to prepare people for tomorrow's labour markets' new demands and jobs.

An array of initiatives at EU level, underpinned by various EU funds, have been enacted to support Europeans to develop the right skills to grasp the opportunities of the rapid shift towards a climate neutral, more digital and job-rich Europe such as the European Skills Agenda¹³ and the Pact for Skills¹⁴, the Digital Education Action Plan¹⁵, and the Council Recommendations on Vocational Education and Training for sustainable competitiveness, social fairness and resilience¹⁶ and on the reinforced Youth Guarantee¹⁷, which should enable tailor-made, personalised counselling and further training for young people aged 15-29.

As part of its 'Fit for 55' package to meet the EU's ambitious climate targets, the Commission is also working on a Council Recommendation addressing the social and labour market impacts of the climate transition. A new Social Climate Fund¹⁸ has been proposed to provide dedicated funding to Member States to help citizens finance investments in energy efficiency, new heating and cooling systems, and cleaner mobility. The Social Climate Fund would be financed by the EU budget, using an amount equivalent to 25% of the expected revenues of emissions trading for building and road transport fuels. With a proposal to draw on matching Member State funding, the Fund would mobilise €144.4 billion for a socially fair transition.

EU initiatives for equality, fair working conditions and adequate social protection

The recovery is an opportunity for the EU and its Member States to tackle longstanding challenges, such as child poverty, precarious employment and unfair pay. The future must be more sustainable, inclusive and fairer than the past, putting people's wellbeing at the centre of all policy-making.

¹³ <https://ec.europa.eu/social/BlobServlet?docId=22832&langId=en>

¹⁴ <https://ec.europa.eu/social/main.jsp?catId=1517&langId=en>

¹⁵ https://ec.europa.eu/education/sites/default/files/document-library-docs/deap-communication-sept2020_en.pdf

¹⁶ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32020H1202%2801%29>

¹⁷ https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv%3AOJ.C_.2020.372.01.0001.01.ENG&toc=OJ%3AC%3A2020%3A372%3ATOC

¹⁸ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0568>

The Commission has launched important policy initiatives over the past years. It adopted a number of equality strategies in 2020 and 2021 that also addressed the uneven impact of the pandemic on disadvantaged and discriminated groups.¹⁹ As part of its Gender Equality Strategy 2020-2025, the Commission also tabled a legislative proposal on pay transparency between women and men.²⁰ As part of the forthcoming European Care Strategy, the Commission will put forward further measures to support men and women in finding the best care and the best life balance for them, among which a revision of the Barcelona targets for high quality and affordable childcare and an initiative on long-term care.

To strengthen fairness at work, the Commission is strengthening and modernising EU social legislation. In 2020, it has tabled a proposal for a directive on adequate minimum wages in the EU.²¹ Ten percent of full-time employees in Europe work hard but cannot make a living from their work. To bring an end to this situation, the proposed Directive aims at strengthening collective bargaining and providing a frame for upward wage convergence in the EU.

In view of the changing nature of work and workplaces, the Commission has developed a new Strategic Framework for Safety and Health at Work for the period 2021-2027, including several legislative actions to prevent and manage health threats and to support a vision zero approach on work-related deaths.²²

Moreover, the Commission will shortly propose a legislative proposal on working conditions in the platform economy. The Commission's analytical work on the platform economy shows that – compared to the rest of the economy – there is a very strong demand for low- and medium-skilled workers (accounting for 88% of people's earnings through digital labour platforms in 2020).²³ While this shows the inclusive potential of this sector, there is an urgent need to ensure the quality of work in the platform economy. All people who work must get a decent pay and access to social protection. Labour market inclusion can by no means become a pathway to social exclusion.

¹⁹ https://ec.europa.eu/commission/commissioners/2019-2024/dalli/announcements/union-equality-first-year-actions-and-achievements_en#:~:text=Building%20a%20Union%20of%20equality,-55%25%20of%20women&text=The%20goal%20is%20a%20Union,and%20lead%20our%20European%20society.

²⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52021PC0093>

²¹ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020PC0682&from=EN>

²² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52021DC0323&qid=1626089672913#PP1Contents>

²³ <https://ec.europa.eu/social/BlobServlet?docId=24095&langId=en>

In order to achieve the new poverty target, the Commission is taking an integrated approach to combating poverty and social exclusion in the EU. In June, Member States adopted the new European Child Guarantee, which supports the provision of free access to early childhood care, education, healthy nutrition, medical care and adequate housing for children in need.²⁴ The European Child Guarantees aims at breaking the intergenerational cycle of disadvantage by specifically targeting children at risk of poverty and social exclusion. Its proper implementation should substantially contribute to achieving the poverty reduction target for children (at least 5 million children to be lifted out of poverty by 2030).

A European platform on combatting homelessness was launched in Lisbon at the end of June to help Member States, cities and service providers share best practices and identify efficient and innovative approaches.²⁵ The Commission is also preparing a Council Recommendation on adequate minimum income in the EU next year.

Given the need to stimulate job creation while strengthening social inclusion, the Commission attaches particular importance to the potential of the social economy. The sector provides jobs to 14 million Europeans and is an engine of social cohesion and social innovation. By the end of this year, the Commission will set out measures to shape the sector for the years to come by means of a dedicated Action Plan.

Next steps

The Porto Declaration will advance the implementation of the Social Pillar by EU Member States in the coming months and years. EU Leaders have committed to the new social 2030 targets and the Commission is currently working with Member States on defining corresponding national targets.

The Porto Declaration identifies the Social Pillar as a fundamental element of the recovery and recognises the Action Plan as useful guidance for the implementation of the Social Pillar. The Social Pillar should remain at the heart of the European Union's economic and social policy coordination in the context of the European Semester.

²⁴ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32021H1004>

²⁵ <https://ec.europa.eu/social/main.jsp?catId=89&furtherNews=yes&langId=en&newsId=10032>

Where the Gothenburg Summit launched an important paradigm shift with the proclamation of the European Pillar of Social Rights, the Porto Summit paved the way for joining forces in Europe to live up to the 20 principles of the Social Pillar. We need to build a better and fairer system. Social and economic policies should shape our future on an equal footing. European citizens expect a concrete improvement in their social situation.

In particular, young people, many of whom connect their hopes and dreams to the European Union, have high expectations of social Europe. The Commission has therefore proposed 2022 as the European Year of the Youth. Moreover, the future of the social dimension of the European Union should be a central theme of the Conference on the Future of Europe.²⁶

Social justice and social progress are key values and cornerstones of the EU integration. Reinforcing the social dimension of the European Union is not only a matter of fairness; it also contributes to a resilient and efficient economy. By empowering the most vulnerable, by providing equal opportunities and decent work for all, we will ensure inclusion, upward economic and social convergence and competitiveness.

Our common objective is to ensure the European Union emerges fairer and more resilient from the current crisis, both economically and socially. By joining forces, we will be able to build a strong social Europe.

²⁶ <https://futureu.europa.eu/?locale=en>

2. Delivering the European Pillar of Social Rights: Challenges and Opportunities¹

Michelle Murphy, Colette Bennett, Seán Healy and Susanne Rogers

Introduction

“As we overcome the pandemic, as we prepare necessary reforms and as we speed up the twin green and digital transitions, I believe it is time to also adapt the social rulebook. A rulebook which ensures solidarity between generations. A rulebook that rewards entrepreneurs who take care of their employees. Which focuses on jobs and opens up opportunities. Which puts skills, innovation and social protection on an equal footing” President Ursula von der Leyen, 20 January 2021.²

The European Pillar of Social Rights (European Commission, 2017) is the social rulebook of the European Union (EU). But can it truly deliver social rights across all Member States? This paper will give an overview of trends in the three key target areas set out in the European Pillar of Social Rights since 2010. It will examine some alternatives for deliberation by policy-makers considering the trends outlined and will conclude by outlining some proposals at a European level that would assist delivery on these targets.

The European Pillar of Social Rights sets out 20 key principles and rights which the European Commission deem essential for fair and well-functioning labour markets and social protection systems. The aim of the European Pillar of Social Rights is to take account of the changing realities of Europe’s societies and the world of work. Failure to deliver a balanced policy approach between economic and social policy across the European Union for several decades has contributed to the crisis that Europe finds itself in today.

Three 2030 headline targets are set out in the Commission’s European Pillar of Social Rights Action Plan (European Commission, 2021):

¹ This paper is informed by *Social Justice Ireland* (2021): From the Crash to Covid and Beyond – a review of the social situation in Europe. <https://www.socialjustice.ie/publication/crash-covid-and-beyond-review-social-situation-europe>

² https://ec.europa.eu/commission/presscorner/detail/it/speech_21_168

- at least 78% of the population aged 20 to 64 should be in employment by 2030;
- at least 60% of all adults should be participating in training every year by 2030;
- a reduction of at least 15 million in the number of people at risk of poverty or social exclusion.

The delivery of the European Pillar of Social Rights will be challenging. Europe is not on track to meet the targets set out in the Europe 2020 Strategy, and now it must deliver on the targets set out in the European Pillar of Social Rights whilst simultaneously supporting a fair recovery from the Covid-19 pandemic and meeting the ambitious climate targets it has set itself to 2030 in the European Green Deal.

Context

The Europe 2020 Strategy introduced in 2010 focused on achieving high levels of employment, productivity and social cohesion. The European Council adopted the Europe 2020 Strategy in 2010 as a key response to the economic crisis. It set out to develop a more balanced and sustainable approach for the future (European Commission 2010). The strategy was seen as a step forward in the development of EU policymaking, because it recognised the importance of social issues. It committed European states to work towards targets in a range of areas including on poverty and social exclusion, employment and education and established an agreed set of indicators designed to measure progress toward meeting those targets.

Even prior to the arrival of Covid-19 in spring 2020, it has been clear that uneven recovery over the previous decade has meant that the benefits of growth have not been equally felt. Despite some positive developments in recent years, the EU has thus failed to meet its Europe 2020 target of lifting at least 20 million people from the risk of poverty and social exclusion and still remained ‘far from the original objective’ by 2019 (Employment Committee and Social Protection Committee, 2019). There are also concerns about the way that the employment picture is evolving – especially as regards growth in temporary, part-time and precarious work and falling or stagnating wages.

Twelve years on from the last major shock, and after seven years of continuous growth, the first year of Covid-19 has seen the European Union confront:

- 14.9 million people unemployed;

- 5.8 million people long-term unemployed (representing over 37 per cent of total unemployment across the EU, a cause for concern);
- 2.9 million young people aged under 25 unemployed (the highest rates are in Spain, Greece and Italy);
- 84.5 million people living in poverty (over 3.5 million more people than in 2008) - of whom over 18.7 million are children (one fifth of Europe's children are living in poverty).

The European Union never fully recovered from the financial crisis and without substantial and coordinated action now, the current social and economic crisis could destroy it. A strong response based on the European Social Model is required. This response must be based on investment in a sustainable future, in our social and human capital. The European response must be focused on protecting people across the lifecycle, young and old, men and women, those with an income and those with no incomes. Those people who were already in a difficult situation before the Covid-19 crisis have been hit the hardest, and unlike in 2008, they must be protected as part of any recovery. The European Pillar of Social Rights absolutely must deliver for them.

Challenging trends in social rights

This section will give an overview of trends in the three key target areas set out in the European Pillar of Social Rights since 2010.

i) Employment

The European Pillar of Social Rights employment target is 'at least 78% of the population aged 20 to 64 should be in employment by 2030'. In order to reach this target, there are specific sub targets for progress, including:

- at least halve the gender employment gap compared to 2019;
- increase the provision of formal early childhood education and care (ECEC);
- decrease the rate of young people neither in employment, nor in education or training (NEETs) aged 15—29 from 12.6% (2019) to 9%;
- ensure other under-represented groups – e.g. older people, low skilled people, persons with disabilities, those living in rural and remote areas, LGBTIQ people, Roma people and other ethnic or racial minorities particularly at risk of exclusion or discrimination as well as those with a migrant background – participate in the labour market to the maximum of their capacity. (European Commission, 2021:10)

This target will be challenging to reach by 2030 as the EU was already on course to miss its Europe 2020 employment target in 2019.

The Europe 2020 strategy set a headline target that 75 per cent of 20-64 year-olds would be employed by 2020. Following the 2008 crisis there were drastic job losses in Europe as a whole. There have been very significant improvements since 2013 and in 2020 the average EU employment rate was 72.4 per cent (down from 73.9 in 2019). The latest data for the final quarter of 2020 indicates that employment across the EU remains 1.7 per cent below the pre-pandemic levels recorded during the final quarter of 2019, with a total of 3.9 million less people employed. Emergency job-retention measures have unquestionably cushioned the impact of the economic contraction caused by Covid-19 and the public health measures introduced to curb it.

While a recovery in employment has been underway throughout the second half of 2020 (increasing by 0.5 million between the third and fourth quarters), the outlook for job retention remains contingent on the future of existing supports. The pandemic has thus resulted in a severe shock to the labour market and called forth unprecedented levels of public support, yet it is important to note that the EU was already on course to miss its Europe 2020 employment target of 75 per cent prior to the Covid crisis.

Figure 1 Employment in Europe (%), Ages 20-64, EU-28, 2008-2020



Source: Eurostat online database, code t2020_10

There are significant variations in the employment rates in different countries. In many Member States, employment rates have still some way to go to recover

from the crisis. As was the case prior to the pandemic in 2019, Sweden continues to have the highest rate (80.8 per cent in 2020), while Greece continues to have lowest (61.1 per cent in 2020), a 19.7 percentage point difference between the two countries. Even more challenging is that some countries still have rates of employment that are a good deal lower than in 2008 – this is very notable in Greece (where the 2020 rate is still 6.8 percentage points lower than the 2008 rate) and Cyprus.

A trend of growing concern is the increasing levels of part-time and temporary employment across the EU. One-fifth of the EU labour force works part-time, and three-quarters of these are women. It is notable that around a quarter of those working part-time want to work full-time (Eurofound, 2019a). Alongside the growth in part-time employment, increasing rates of temporary employment are also a concerning trend. Rates of temporary employment have risen from 10.9 per cent of all employment in 2014 to 11.2 per cent in 2018 (among 20–64-year-olds) (Eurofound 2019a). Temporary employees are generally paid less than their permanent counterparts in the same company, and their prospects for career advancement, including opportunities for training, are poorer. Younger people are often temporarily employed with 43.5 per cent of employees aged 15-24 on a temporary contract in 2018.

The way that the employment picture has been evolving over recent years prior to the shock of the pandemic is of concern and reflects structural changes in labour markets – especially regarding growth in temporary, part-time and precarious work and falling or stagnating wages. These wider employment trends form a central part of the context in which the Covid crisis has come to impact European labour markets and this is the challenging context in which the European Pillar of Social Rights must operate in.

Young people remain one of the most vulnerable groups in the labour market, and there is a specific target in the European Pillar of Social Rights focused on young people. In April 2021, youth unemployment stood at 17.1 per cent in the EU-27, 1.1 percentage points higher than in the same month of the previous year and 1.8 per cent higher than prior to the pandemic in April 2019. (**Eurostat, une_rt_m**). This represents 211,000 thousand more unemployed people aged 15-24 over the past 12 months. In 2020, Spain was the country with the highest level of youth unemployment (38.3 per cent) followed by Greece (35.0 per cent) and Italy (29.4 per cent). It is of major concern that the three countries who had some of the highest youth unemployment rates during the financial crisis, continue to have the highest rates of youth unemployment in the EU.

A related area of concern involves young people who are neither in education nor employment (known as NEETS) – also a specific sub target in the European Pillar of Social Rights. There are many reasons why the NEET rate is one of the most concerning indicators relative to young people – it indicates detachment and discouragement in relation to both work and education. Low educational attainment is one of the key determinants of young people entering the NEET category with other important factors including having a disability or coming from a migrant background (Eurostat 2018a). Young people with lower education levels face a three times greater risk than those with tertiary education (European Commission 2017). The EU-27 average NEET rate (ages 15-24) was 11.1 per cent in 2020, which was higher than in 2019 (10.1 per cent), but down from a high of 13.2 per cent in 2012 (Eurostat edat_lfse_20). The 2020 NEET rate (ages 15-24) was highest in Italy at 19.0 per cent followed by Romania (14.8 per cent), Cyprus and Bulgaria (both 14.4 per cent). This means that in Italy, for example, almost one in 5 young people is in this situation.

Furthermore, when we look at the NEETs rate for slightly older age groups the picture is even more concerning. The EU-27 average NEETs rate for those aged 20-24, in 2020 was 15.7 per cent (greater than the 2008 rate of 15 per cent) (EU-28) (Eurostat edat_lfse_20). Looking at an even older group (ages 20-34), the 2018 rate was even higher - 17.6 per cent (an increase in the 2008 level of 16.6 per cent). The fact that the rate is high, and is remaining relatively high, for these 'older' NEETs is a trend that should be of concern.

Overall, while there have been welcome improvements in youth unemployment within recent years, the pandemic has markedly worsened the position of the young in labour markets in the short run and is likely to aggravate existing trends affecting certain groups which will make reaching the targets set out in the European Pillar of Social Rights by 2030 challenging without a strong focus on investment in social policies to reach these targets.

ii) **Training**

The European Pillar of Social Rights (principle 1) states that:

Everyone has the right to quality and inclusive education, training and life-long learning in order to maintain and acquire skills that enable them to participate fully in society and manage successfully transitions in the labour market (European Commission, 2017).

The headline target for training in the European Pillar of Social Rights is that 'at least 60% of all adults should be participating in training every year by 2030'.

There are also two sub targets set out in the Action Plan to deal with the issues outlined in the Action Plan (European Commission, 2021:11):

- at least 80% of those aged 16-74 should have basic digital skills, a precondition for inclusion; and participation in the labour market and society in a digitally transformed Europe;
- early school leaving should be further reduced and participation in upper secondary education increased.

The Europe 2020 Strategy set out the following targets on education and training:

- Reducing early school leaving rate to below 10 per cent;
- Completion of third level education by at least 40 per cent of 30-34 year-olds;
- An average of at least 15 per cent of adults (age group 25-64) should participate in lifelong learning.

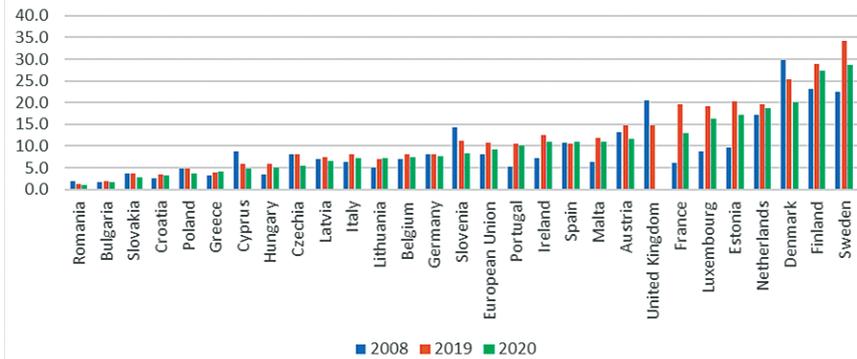
Reducing early school-leaving was seen as a ‘gateway’ to achieving other Europe 2020 Strategy targets. The average early school leaving rate across Europe in 2020 was 9.9 per cent. The 2020 rate was down marginally from the 2019 level of 10.2 per cent. Thus, while the average rate is now just marginally below the <10 per cent target set in the Europe 2020 strategy, improvement rates have, unfortunately, levelled off. As a report from Eurostat (2020a) states, a renewed effort will be needed to meet the target by 2020.

As ever, there are wide disparities between European countries when it comes to the rate of early school leaving. In 2020 the highest rates of early school leaving were to be found in Malta (16.7 per cent), Spain (16 per cent), Romania (15.6 per cent) and Italy (13.1 per cent). Some groups such as disabled people are particularly vulnerable - the proportion of early school leavers among young disabled people is 23.6 per cent, which is much higher than the rate for non-disabled younger people (European Commission 2019a). Another group who are vulnerable to early school leaving are people who live in a country different from the one they were born in. Across the EU, rates of early leaving from education and training are generally higher for this cohort (Eurostat 2020a). Overall, while improvements in the rate of early school leaving are welcome, it requires ongoing attention from policy-makers because its consequences for individuals and for society.

The tertiary education target set out in the Europe 2020 Strategy has been reached. In 2020, the EU-27 average for completion of third-level education was 41 per cent. This is an area which has shown large improvements in the past decade. Many countries exceed the target, with Luxembourg, Cyprus, Lithuania, Ireland, the Netherlands and Sweden at the top of the league (all with rates at or over 50 per cent), and Romania (26.4 per cent), Italy (27.8) and Hungary (33.2) at the bottom.

The lifelong learning target of an average of at least 15 per cent of adults (age group 25-64) should participate in lifelong learning in the Europe 2020 Strategy has not been met. In 2020 the average rate of participation in lifelong learning was 9.2 per cent. There is great variation across Europe in terms of the rates of participation. Nordic countries tend to top the table; in 2020 the top three countries were Sweden (28.6 per cent), Finland (27.3 per cent) and Denmark (20 per cent). At the other end of the scale, the rate was lowest in Romania (1 per cent), Bulgaria and Slovakia.

Figure 2: Lifelong Learning, (%) EU-28, 2008, 2019 and 2020



Source: Eurostat online database, trng_lfse_01

The European Commission notes in the European Pillar of Social Rights Action Plan that in the context of the climate and digital transitions, and the recovery from the pandemic increasing adult participation in training to 60% is paramount to improve employability, boost innovation, ensure social fairness and close the digital skills gap (European Commission, 2021:11). The trends over the past decade, particularly in relation to early school leaving, the

number of young people categorised as NEETS, and low participation rates in lifelong learning show how challenging it will be to reach the 2030 targets. The importance of public investment in education across the lifecycle, and a particular focus on lifelong learning and skills cannot be overstated. The latest OECD Skills Outlook 2021 (OECD, 2021) states that lifelong learning is key if individuals are to succeed in labour markets and societies shaped by trends including environmental changes and digitalisation, as well as sudden shocks like the Covid-19 pandemic (OECD, 2021).

iii) Poverty and Social Exclusion

The European Pillar of Social Rights Action Plan sets a target to lift 15 million people out of poverty or social exclusion³, of which at least 5 million should be children (European Commission, 2021:11). The Action Plan states that the focus on children will contribute to break the intergenerational cycle of poverty.

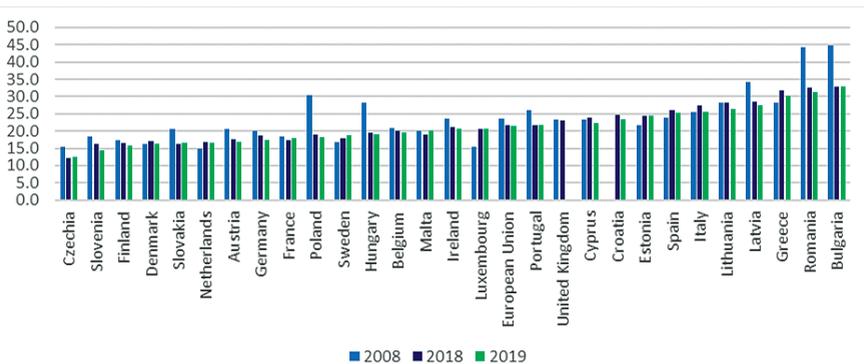
In 2010, the EU set a target in the 2020 Strategy to reduce the number of Europeans living in or at risk of poverty or social exclusion by 20 million by 2020. This target is likely to be missed by a very wide margin. While the risk of poverty or social exclusion rate has improved each year since 2012, the average rate still stands at 21.4 per cent in 2019 (EU-28) (that is, more than one in 5 Europeans) amounting to over 107.5 million people. The picture that emerges suggests that despite recent improvements, there is reason for concern about a range of issues and the length of time that high levels of poverty or social exclusion have persisted is unacceptable in human and societal terms. Eurostat (2020a) highlights how some groups face a higher risk of poverty and social exclusion; these include single households, migrants and people with lower education as well as their children. Even though there have been welcome improvements in the most recent year in some countries with typically high rates, there continues to be great divergence between countries.

As the most recent report from the Social Protection Committee notes, even prior to the deteriorating social and economic situation created by the Covid-19 crisis since spring 2020, the fruits of several years of growth in the EU have been ‘offset ... by uneven developments in the income distribution, including increasing depth of poverty, the rising risk of poverty for people living in (quasi-) jobless households and the limited progress towards the Europe 2020 target

³ The combined ‘poverty or social exclusion’ indicator corresponds to the sum of persons who are at risk of poverty or severely materially deprived or living in households with very low work intensity. Persons are only counted once even if they are present in several sub-indicators

to reduce poverty and social exclusion’ (Social Protection Committee, 2020). Overall trends have therefore masked persistent difficulties amongst some groups as well as divergence between member states including persistently high levels of poverty in several countries dating back to the fallout from the 2008-09 economic crisis. Aggravating these social and economic fissures, the Covid-19 crisis has widened and deepened inequalities between social groups in income, employment, housing and health (Eurofound, forthcoming 2022).

Figure 3: People at Risk of Poverty or Social Exclusion (%), EU-28, 2008, 2018 and 2019

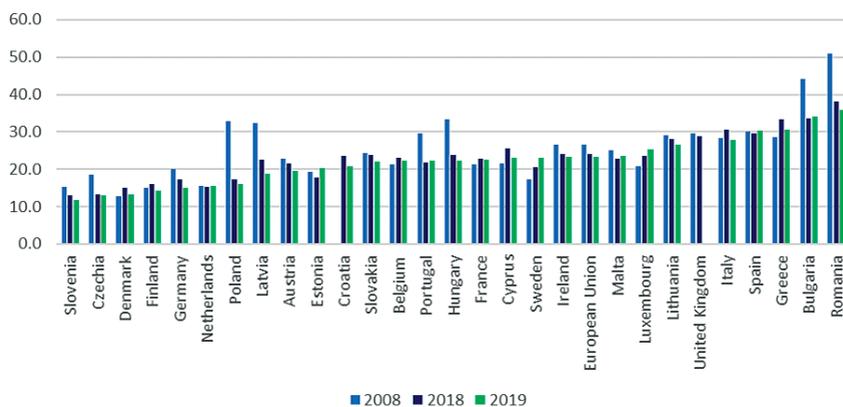


Source: Eurostat online database code: t2020_50.

Note: EU average rate for 2008 relates to EU27 (as this was prior to the accession of Croatia).

A particular area of concern in the European Pillar of Social Rights is the area of child poverty. Looking at the position of children (under 18) in the EU, those who are at risk of poverty or social exclusion numbered nearly 22.2 million in 2019 or 23.4 per cent (EU-28 average) (Eurostat online database, code ilc_peps01). Despite improvements in recent years, in some countries the percentage of children affected is very high indeed at over 30 per cent in Romania, Bulgaria, Spain and Greece followed by Italy (27.8 percent) and Lithuania (26.5 per cent).

Figure 4: Children (u 18): Poverty or Social Exclusion Rate (%), EU28, 2008, 2018 and 2019



Source: Eurostat Online Database *ilc_peps01*.

Note: EU average rate for 2008 relates to EU27 (as this was prior to the accession of Croatia).

The fact that such very high numbers of children continue year on year to experience poverty or social exclusion is a major concern and has long-term consequences for the people and families concerned as well as for the EU as a whole. It also makes the specific focus on children and child poverty all the more important to meeting the 2030 target.

The rates of poverty and social exclusion among other cohorts are also concerning. Looking at older people, aged 65 and over, the European average rate for poverty or social exclusion was 18.9 per cent in 2019 (representing 18.7 million people). Poverty or social exclusion affects nearly twice as many women as men in older age. For those aged 65+, the rate in 2019 for women was 21.1 per cent (representing 11.6 million people), whereas for men it was 16.1 per cent (representing 7 million people). This issue is significant for policy-makers (as well as for the individuals concerned) given that populations are ageing at an unprecedented rate.

Another worrying trend is the rate of poverty among those who are in work. In 2019, 9.2 per cent of employed people (aged 18+) were living under the poverty threshold (EU-28) and it has been at similar levels since 2014. The average rate has increased since 2008, when it had been 8.6 per cent. This means that about

10 per cent of employed people in the EU live in poverty on an ongoing basis and, obviously, that getting people into work is not always sufficient to lift them out of poverty. The EU Social Protection Committee (2020) argues that income from employment often needs to be complemented by adequate benefits and notes that the working poor represent around a third of working-age adults who are at-risk-of-poverty. Delivery on principles 6 and 14 of the European Pillar of Social Rights relating to minimum wages and minimum income benefits are essential to assist this cohort.

Overall, while there have been some improvements in the latest years (2018-2021) in several indicators and for key groups, Europe is still far off-track in relation to meeting its poverty reduction targets. The social indicators suggest little improvement for very many people living in Europe, with dis-improvements for some groups in several countries. These include older people in some countries, an issue that particularly affects older women. Those working who still live in poverty is another group to be concerned about and this issue now affects a greater proportion of people than it did in 2008. The position of children, while improved somewhat continues to be strikingly negative for very many children with potentially very serious long-term consequences. Meeting the 2030 target, to lift 15 million people out of poverty and social exclusion, of which at least 5 million should be children will be challenging and will require a concerted focus by the European Commission, in areas such as Country Specific Recommendations and linking social investment to improved outcomes for people at risk of poverty and social exclusion.

An opportunity to deliver social rights

This section will consider two specific areas. The first is the need for policy-makers to consider alternatives – in particular in relation to income and to work. The second area is the types of policies and proposals which could be implemented at a European Level to ensure the ambition set out in the European Pillar of Social Rights are reached by 2030. These policies strengthen the European Social Model and ensure that it becomes the foundation for a Europe that is sustainable, and that delivers social rights for all.

Alternatives for consideration

For much of the period between the financial crash and the Covid crisis, political discourse at European level focused on fiscal consolidation and economic recovery as well as on protecting the euro. People in many countries affected by the financial crisis followed by harsh austerity policies that followed associate this with the European Union. Meanwhile talk of an economic recovery,

dramatically punctured by the present public health crisis, has yet to be experienced amongst many groups in Europe and the EU's efforts to create a more socially just Europe have not been as comprehensive, visible or as effective. This is the context in which the future of the EU must be decided and in which viable alternatives to the current situation must be considered and deliberated on.

Wellbeing is a fundamental objective of EU policies: Article 3 of the Treaty on the Functioning of the European Union states that the Union's aim is to promote 'the well-being of its peoples'. Good social protection systems and the right to meaningful work are vital not only to social wellbeing but also to economic development. It is within this context that the following alternatives are put forward as proposals that should form part of the thinking and deliberation among policy-makers in the EU over the coming decade.

The right to sufficient income

Debates about how to achieve adequate income often involve discussions of minimum wage, and, increasingly, the living wage, minimum income schemes, and basic income schemes. In the context of emergency measures introduced to combat the impact of Covid-19, including income and employment support schemes on an unprecedented scale, policy-making and analysis relating to these areas has clearly advanced in significant ways since 2020. Against the backdrop of a potential winding-down of emergency income support measures as pandemic-related restrictions ease, pressure is continuing to mount at a European level as to how income supports, and the right to sufficient income can be delivered in the EU as it meets the challenges of the digital and green transition, and the recovery from Covid-19.

Minimum wage

The European Pillar of Social Rights now asserts the right of workers 'to fair wages that provide for a decent living standard' and suggests that 'adequate minimum wages shall be ensured in a way that provide for the satisfaction of the needs of the worker and his / her family in the light of national economic and social conditions' (principle 6). Proposals launched by the European Commission in October 2020 for an EU Directive on Adequate Minimum Wages (2020/682) aims to give legislative force to the latter. It will do this by establishing an overarching legal framework relating to minimum thresholds, wage growth and purchasing power to govern national minimum wages (Wixforth and Hochscheidt, 2021). Although its eventual provisions could fall shy of expectations, it does represent

an important step forward in terms of effective action at the European level (European Trade Union Congress, 2020).

Living wage

The Living Wage assumes that work should provide an adequate income to enable people to afford a socially acceptable minimum standard of living. It differs from the minimum wage approach, in being an evidence-based rate grounded in consensual budget standards based on research to establish the cost of a minimum essential standard of living. It provides an income floor, representing a figure that allows employees to pay for the essentials of life. The concept is derived from the United Nations Convention on Human Rights which defined the minimum as ‘things which are necessary for a person’s physical, mental, spiritual, moral and social well-being’. The Living Wage idea is not a new one. However, support is growing for it and research on it is expanding.

Minimum income schemes

Adequate and effective social protection systems are the bedrock of a truly Social Europe, within which minimum income schemes are a safety net of last resort to ensure that no one falls below an adequate minimum income (Frazer and Marlier 2016). Minimum income schemes are protection schemes of last resort aimed at ensuring a minimum standard of living for people of working age and their families when they have no other means of support. They vary in coverage, comprehensiveness (that is, their availability generally to low-income people) and effectiveness. The European Pillar of Social Rights (European Commission, 2017) enshrines the right to a minimum income as one of its 20 core principles:

Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services (principle 14).

This is welcome, but this requires political will and involvement of a range of stakeholders to make it effective. The lack of adequate minimum income schemes in several countries was highlighted following the 2008 crisis in Europe and has again become a salient feature of debates surrounding the future of emergency income and employment supports in the aftermath of the pandemic (Social Platform, 2020).

Basic Income

Basic Income has the potential to play a key role in supporting people’s rights to meaningful work, sufficient income to live life with dignity and real

participation in shaping the world and the decisions that impact on them. The concept of a Basic Income has gathered momentum. For example, in 2018 the Council of Europe passed a resolution which acknowledges the benefits of a ‘basic citizenship income’, ‘introducing a basic income could guarantee equal opportunities for all more effectively than the existing patchwork of social benefits, services and programmes’ (Council of Europe Parliamentary Assembly 2018). In the wake of the Covid-19 pandemic, emergency income and employment support measures have come to be seen by many as de facto ‘experiments’ in Basic Income provision (UNESCO, 2021). The debate on the potential future of such schemes has been further enriched following the broadly positive report of Finland’s 2017-18 pilot scheme – to date the most comprehensive carried out in the developed world – which was released against the backdrop of the pandemic in May 2020 (Kangas et al. 2020).

A basic income is very different to a minimum income. A minimum income seeks to ensure a minimum standard of living for people of working age and their families with no other means of support. By contrast, a basic income involves giving everyone a modest, yet unconditional income, and letting them top it up at will with income from other sources (Van Parijs, 2000).

The right to meaningful work

The dominant policy framework in Europe and elsewhere in response to persistent high unemployment focuses on the notion of full-employability and understands unemployment in terms of skills shortages, bad attitudes of individuals and/or disincentives to work that exist in welfare systems or other alleged rigidities like minimum wages or employment legislation (Mitchell and Flanagan 2014). It is a supply-side understanding, which can be considered to ignore other causes – such as lack of jobs and spatial spill-overs (Mitchell and Flanagan 2014). In the wake of the financial crisis, and now during an unprecedented global health emergency, this interpretation continues to face mounting criticism in both political and intellectual terms. In the context of both past failures and the current public health emergency, basic questions are now being asked about whether the market economy can deliver what is needed, particularly considering the move away from industry and manufacturing towards a knowledge economy. Increasing developments in artificial intelligence also evoke anxiety about potential job losses.

Valuing all work

One of the debates that arises in this context is the need to recognise and value all work. Another relates to government guaranteeing work as a response to

widespread unemployment, particularly long-term unemployment which has damaging consequences for individuals and for the wellbeing of society. A further approach relates to reductions in hours worked by everyone. Finally, the need for investment by government will be considered.

The impact of ‘social distancing’ throughout the pandemic, alongside the suspension of many vital public services including education and childcare, have served to highlight the enormous economic and social contribution of traditionally unpaid and voluntary workers. Now more than ever, there is a need to recognise all work including work in the home, work done by voluntary carers and by volunteers in the community and voluntary sector. Their contribution to society is significant in terms of social and individual well-being as well as in economic terms.

Job guarantee schemes

Many job guarantee proponents see employment as a right. Unemployed people cannot find jobs that are not there, notwithstanding activation measures. Thus, thinking has been developed around the idea of jobs guarantee schemes. High levels of unemployment co-exist with significant potential employment opportunities, especially in areas such as conservation, community and social care. A jobs guarantee scheme involves government promising to make a job available to any qualifying individual who is ready and willing to work. The concept involves government absorbing workers displaced from private sector employment. It involves payment at the minimum wage, which sets a wage floor for the economy. Government employment and spending – providing a ‘public option’ and baseline wages – automatically increases as jobs are lost in the private sector (Wray et al. 2018). Such schemes are not intended to subsidise private sector jobs or to threaten to undercut unionised public sector jobs. Any jobs with a set rate of pay or in the private sector should not be considered. Only those jobs that directly benefit the public and do not impinge on other workers should be considered. Neither is a Job Guarantee Scheme intended to replace other social programmes. However, Job Guarantee Schemes could complement a social support system such as a Basic Income scheme.

Shorter working week

The starting point for debates about shortening the working week is that there is nothing ‘normal’ or inevitable about what is considered a typical working day today, and that what we consider normal in terms of time spent working is a legacy of industrial capitalism that is out of step with today’s conditions. Several proposals exist. The New Economics Foundation (NEF) proposed a rebalancing of

work and time involving a new industrial and labour market strategy to achieve high-quality and sustainable jobs for all, with a stronger role for employees in decision-making and a gradual move towards shorter and more flexible hours of paid work for all, aiming for 30 hours (4 days) as the new standard working week (Coote et al 2010). Active support for ‘short time working’ throughout the present crisis – supported through EU mechanisms such as the SURE fund – have combined with the sudden turn to digital homeworking on a mass scale to transform perceptions and expectations around traditional work-time norms. Addressing the issue in this context, NEF has urged states to accept that the ‘time has come’ for a shorter work week (Coote et al. 2020).

As recently as 2019 Eurofound estimated that at least one in ten EU workers spent more than 48 hours per week at work (Brandsma, 2019). These proposals are intended to address problems of overwork, unemployment, over-consumption, high carbon emissions, low well-being, entrenched inequalities and lack of time to live sustainably, to care for each other or to enjoy life. Crucial to this kind of proposal is that made above about moving toward valuing both paid work and unpaid work; it is intended to spread paid work more evenly across the population, reducing unemployment and its associated problems, long working hours and too little control over time. It is also intended to allow for unpaid work to be distributed more evenly between men and women, and for people to spend more time with their children and in contributing to community activities.

Increasingly, discussion surrounding what a post-pandemic future should look like among policy analysts and international agencies is taking cognisance of these issues rather than insisting, as in the past, on the panacea of ‘trickle down’ growth to eradicate poverty, protect the environment and promote social inclusion (Social Justice Ireland, 2021). The current public health crisis, combined with the climate emergency, rising inequality, social insecurity and political instability, is finally putting pay to the old mantra that ‘there is no alternative’ to market fundamentalism. Put simply, a departure from the failed orthodoxies of the past now looks not only possible, but more vital than ever for Europe.

Policy proposals

The European institutions must work together to ensure the ambition of the principles and targets of the European Pillar of Social Rights are reached by 2030, and that the European Social Model is strengthened, and becomes the foundation for the future of Europe that is sustainable, and that delivers social rights for all.

In the wake of a devastating global pandemic, it is now clearer than ever that alternatives are needed. We make the following recommendations aimed at EU Leaders and EU Institutions:

- 1) Ensure Greater Coherence of European Policy by acting on the von der Leyen Commission's recent decision to integrate the UN Sustainable Development Goals and the European Pillar of Social Rights into the economic processes of the European Semester. For example, the priorities of Annual Growth Surveys should provide greater focus on long-term social objectives, and on building adequate, effective social systems that include both investment and protection dimensions and are better aligned to the EU Social Investment Package and the new European Recovery Fund. This could be facilitated by:
 - Making the European Pillar of Social Rights enforceable through legislative initiatives and turning it into a strategic tool to influence EU macroeconomic governance.
 - Supporting efforts to promote growth and jobs while meeting deficit reduction targets in the medium rather than the short term.
 - Taking greater account of social impacts when making Country Specific Recommendations, especially those requiring fiscal consolidation measures.
 - Making Country Specific Recommendations that seek to achieve reductions in poverty and unemployment where rates are high or rising.
- 2) Address inappropriate EU governance structures that prohibit or inhibit legitimate investment by national governments.
- 3) Advance proposals for a guarantee of an adequate minimum income or social floor in the EU under a framework directive, and for minimum standards on other social protection measures building upon the Directive on Adequate Minimum Wages. This should include access to childcare, access to education and healthcare across member states and other measures supportive of the implementation of the European Pillar of Social Rights.
- 4) Monitor and Address poverty amongst sub-groups such as children, young people, older people and working poor. Child poverty is such a serious issue that it requires further action as does the issue of young people neither in employed nor in education (NEETS). Monitor implementation of the Commission's Recommendation on Investing

in Children through a strengthened process and work with member states with high levels of child poverty to help them access and deploy structural funds to address the issue. The ageing of Europe's population, the fact that there are many more women than men in this group, and the very great differentials between countries make poverty amongst older people (especially in some countries) an issue that requires more attention now and in the future. The situation of those who work and still live in poverty needs to be tackled as a matter of urgency.

- 5) Focus on Youth Unemployment: Youth unemployment continues to be a serious problem despite Youth Guarantee schemes and there is a need to recognise that young people experiencing multiple disadvantages are likely to need support over a lengthy period.
- 6) Support Developments in the Social Economy: Leadership and support from the EU for social initiatives would benefit both people in need of support (through health and social care programmes) and societies generally. This would be consistent with the Social Investment Package and could provide valuable employment opportunities for people who are long-term unemployed.
- 7) Improve Representation: EU policy-making must engage meaningfully with stakeholders representing poorer people and those most at risk of exclusion.
- 8) Structural Funds: Structural funds must be of a sufficient scale to make an impact and should be given greater priority so as to ensure significant progress is made in bridging the gap between the economic and social dimensions of policy and in promoting a social investment approach to public policies where this is absent or insufficient.
- 9) Adopt a Human Rights Strategy to prevent the violation of the human rights of Europe's population.

For *Social Justice Ireland* economic development, social development and environmental protection are complementary and interdependent – three sides of the same reality - and we have long argued that all three must be given attention rather than allowing economic considerations to dominate. Unfortunately, in Europe, economic issues are still allowed to dominate social issues, officials are perceived as at a distance from poor people, and this, unfortunately, is corrosive of trust in the whole European project and is capable of being exploited by certain politicians. Leadership at EU level in relation to vulnerable groups is critical not just to the future economic and social outlook but also to the democratic future of Europe. The proposals outlined above, if fully implemented, would support

the achievement of the targets set out in the European Pillar of Social Rights. Indeed, they are essential to realising the ambition of President Von der Leyen, for a social rulebook which ensures solidarity between generations. A rulebook that rewards entrepreneurs who take care of their employees. Which focuses on jobs and opens opportunities. Which puts skills, innovation and social protection on an equal footing (European Commission 2021:2).

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3. The role of the European Trade Union Confederation in delivering the EU Pillar of Social Rights

Liina Carr

The proclamation of the European Pillar of Social Rights (EPSR) was the culmination of a concerted campaign by trade unions across Europe to strengthen ‘social Europe’, at a time when social progress was taking a back seat to economic freedoms.

Although the EPSR in itself does not grant extra rights to working people, the European Trade Union Confederation (ETUC) sees it as an opportunity to reset European Union (EU) priorities and create a framework for improving lives and living standards in a wide range of fields. It has been described as an agenda, ‘a compass¹ for a renewed process of upward convergence towards better working and living conditions in Europe’. It demonstrates that rumours of the death of social Europe have been greatly exaggerated and commits Member States to take action on social rights. In the wake of the coronavirus pandemic, it has proved to be more important than ever in influencing policy responses.

It was former European Commission President, Jean-Claude Juncker, who announced² the EPSR initiative in his 2015 State of the Union address, and European Union leaders proclaimed³ the pillar at the Social Summit in Gothenburg in November 2017. But - even before the social and economic damage inflicted by the Covid pandemic - action was slow to get off the ground. To guarantee that social developments would continue in a positive direction after the arrival of the new Commission team in 2019, the ETUC demanded an action plan⁴ for implementation, which the Commission finally published in 2021 after consultation with the social partners and other stakeholders. It has three headline targets to be reached by 2030: 78% of the population in work; 60% of adults in training every year, and 15 million fewer people at risk of poverty.

¹ https://ec.europa.eu/commission/presscorner/detail/en/IP_17_1007

² https://ec.europa.eu/info/priorities/state-union-speeches/state-union-2015_en

³ https://ec.europa.eu/commission/presscorner/detail/en/IP_17_4643

⁴ <https://www.etuc.org/en/implementing-european-pillar-social-rights>

Implementing the EPSR requires the full range of EU instruments including legislation, policy measures, targets and standards, and integrating social priorities into the European Semester and the Multiannual Financial Framework, together with the United Nations Sustainable Development Goals (SDGs). But legally, the EU shares power with Member States in the field of social affairs, so national governments also have to step up and take responsibility.

The EPSR sets out 20 principles and rights, which the ETUC played a major role in developing, and which are crucial to strengthening the EU's social dimension and promoting the welfare of workers and their families. They are grouped under the headings of equal opportunities and access to the labour market; fair working conditions; and social protection and inclusion. At least 10 of the principles, those relating to social protection, remain the competence of national governments, which means that the social partners at national level play a vital role in pressing for and monitoring progress.

The strengthening of social rights was necessary in response to the shift in recent years towards prioritising economic interests above those of citizens. For example, back in 2007, the European Court of Justice ruled in favour of Latvian building firm Laval and against Swedish trade unions that were taking industrial action to defend agreed wages and conditions. And this was just one of a series of cases where business and the single market were given precedence over the rights of workers. According to the Lisbon Treaty, the EU strives for a “social market economy” and “social progress”. But for a number of years economic growth became the number one priority, especially in the aftermath of the 2008 economic crisis, and the social dimension of European cooperation was pushed onto the back burner.

Under the auspices of the pillar, the ETUC has called for a wide range of initiatives: on trade union and workers' rights, education and training, youth employment, gender equality, health and safety, work-life balance, stronger public services, social protection and pensions, undeclared and insecure work, child protection, minimum income and social dumping. Our demands are based on trade unions' experience of workers' lives and concerns.

Above all, we regard social dialogue, workplace democracy and the right to collective bargaining as key to implementation of the EPSR and achieving upward convergence of living and working conditions across Europe. Guaranteeing trade unions rights and capacity building for collective bargaining should be the foundation of social Europe.

So what progress has been achieved? The existence of the pillar has already facilitated action on job security and pay transparency, work-life balance, a just transition for workers in response to climate change, collective bargaining and minimum wages, protection for cross-border workers, and more, as well as influencing the formulation of post-Covid recovery plans in Member States.

Since the start of the Covid pandemic, the ETUC has insisted on the need for a ‘People’s Recovery’, seizing the opportunity to make changes that benefit working people rather than a headlong rush back to economic growth. The ETUC fought hard to get the pillar included as one of the main criteria for evaluating eligible investments under the Recovery and Resilience Facility⁵ regulation.⁶ Social objectives should be at the heart of the EU’s recovery plans, and social dialogue and consultation with trade unions must be a cornerstone of future action. Unfortunately, ETUC members in only six Member States reported satisfactory involvement in their national recovery and resilience plans (NRRPs).

The EPSR must be at the heart of the next EU Semester⁷ phase 2022. The Annual Sustainable Growth Survey (ASGS) must set rules to align the post-Covid NRRPs to the pillar action plan. It must speed up implementation of the Recommendation on Effective Active Support to Employment (EASE), in close cooperation with social partners. To put active labour market policies into practice and perform outreach strategies for a digital and green transition, Member States need well equipped and funded public employment services (PES). PES also play a key role in the labour market integration of the most vulnerable groups in society: precarious workers, women, migrant and seasonal workers, workers with disabilities and young NEETs (not in education, employment or training).

The social scoreboard introduced under the EPSR to balance the earlier macroeconomic scoreboard and to monitor Member States’ performance must have a binding impact on economic governance. The European Commission relaunched the review of the fiscal rules of the EU economic governance, which started just before the pandemic crises in 2019. The need to suspend the current rules demonstrated clearly that they need to be revised to give member states the possibility invest in public services necessary for the normal functioning of societies. It is time to establish a procedure for measuring social imbalances

⁵ https://ec.europa.eu/info/business-economy-euro/recovery-coronavirus/recovery-and-resilience-facility_en

⁶ <https://eur-lex.europa.eu/legal-content/BG/TXT/?uri=CELEX:52020PC0408>

⁷ <https://www.etuc.org/en/document/etuc-resolution-recovery-and-social-progress-2022>

and not only macroeconomic ones. The first such proposal was put on the table at the Employment ministers' meeting in October and received a cautiously positive response. The ETUC is working together with the Council, the initiating Member States and with its members to develop this procedure. Most of all, we want to see the full implementation of the social pillar as a foundation of the "social market economy" enshrined in the Treaties.

For the ETUC, the first priority is to preserve jobs and protect workers who have been hardest hit by the pandemic, especially precarious, self-employed and younger workers. Quality jobs should be at the heart of Europe's recovery strategy, and together with the EPSR, the SDGs should be the compass for EU policy-making. NRRPs should prioritise the creation of well-paid jobs, respect for labour rights and employers' social and fiscal obligations, safe working conditions and the right to collective bargaining.

Social resilience requires solid social protection and health systems and investment in education and lifelong learning, not forgetting a 'just transition' towards a green and digital society placing social justice at the heart of action to mitigate climate change. Workers must not pay for the transition with their jobs and livelihoods. Women, who make up 76% of care workers in the EU, have suffered disproportionately during the pandemic, undergoing higher exposure to the virus and levels of stress as well as a rise in domestic violence. The ETUC insisted that recovery plans should acknowledge the gender dimension of the pandemic and combat long-standing inequalities.

Setting fair minimum wages is at the core of Europe's recovery, to end in-work poverty and unacceptable inequalities. Principle 6 of the EPSR declares that "Workers have the right to fair wages that provide for a decent standard of living", but currently some 24 million⁸ working people across Europe are living at risk of poverty. Exploitation cannot be ended by recommendations or examples of best practice, and that is why the ETUC has campaigned for an EU minimum wage directive that should at the same time strengthen collective bargaining and respect existing national trade union negotiating systems. The Commission has now put forward a draft directive⁹, but as it stands, it would still allow minimum wages to be set below the poverty line. The ETUC is calling on Members of the European Parliament (MEPs) to strengthen the law by introducing a wage floor, a 'threshold of decency' - 60% of the median wage and 50% of the average wage of any Member State - to guarantee a decent standard

⁸ <https://www.etuc.org/en/pressrelease/24m-could-get-pay-rise-under-eu-directive>

⁹ https://ec.europa.eu/commission/presscorner/detail/en/ip_20_1968

of living for workers everywhere, to end union busting practices and secure trade union access to the workplace backed up with recognition and representation rights. Another key point, among others, concerns the protection of well-functioning collective bargaining systems that exist in a number of Member States. Furthermore, trade unions will oppose any initiative that harms the role of social partners and that would damage social partners' autonomy and wage-setting in collective bargaining systems.

Principle 5 pledges that "Employment relationships that lead to precarious working conditions shall be prevented". Yet the digital revolution has seen a massive growth in insecure working arrangements managed through platform companies. Millions of workers are being denied the right to minimum wages, holiday and sick pay and a secure employment contract. False self-employment not only exploits workers but is unfair to the majority of employers who play by the rules, allowing some of the biggest companies in the world to avoid tax and social security contributions which should sustain vital public services.

This year, trade unions have brought a string of successful court cases against platform companies across Europe, but it should not be left up to individuals to claim their rights. Now the European Parliament has backed proposals to prevent companies from forcing workers into false self-employment and the ETUC is demanding EU legislation to establish a rebuttable presumption of employment, shifting the burden of proof onto employers to prove workers are genuinely freelance.

All workers need to know their rights, obligations and working conditions in order to have legal security and avoid exploitation. Adoption of the 2019 Directive on Transparent and Predictable Working Conditions¹⁰ was a direct result of the EPSR, following heavy pressure from the ETUC to broaden the law to cover the largest possible number of workers, although some of the most vulnerable are still left out. Member States have until August 2022 to comply with the directive, and it is important for national union bodies to be able to verify that it is fully and correctly applied.

After much delay and repeated trade union demands, earlier this year the Commission finally published a draft directive on pay transparency.¹¹ The ETUC believes such legislation is the only way to achieve gender pay equality

¹⁰ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32019L1152>

¹¹ <https://www.etuc.org/en/pressrelease/pay-transparency-directive-good-principles-inadequate-tools>

(Principle 2), but the proposal does not go far enough. For example, it limits pay audits and action plans to organisations with over 250 employees and allows employers to define which jobs can be compared when it comes to equal pay for work of equal value.

Another outcome of the EPSR was the European Labour Authority (ELA), which was established in July 2019 and started work in October of the same year. The ELA will strengthen workers' rights by helping national authorities to enforce European labour law, combat social dumping and fight abuses in labour mobility, social security, false self-employment and the posting of workers. The authority will also improve the supply of information to workers and employers on their rights and obligations, coordinate and support inspections and facilitate cooperation between Member States. Positive elements¹² of the ELA's mandate include employers and trade unions being able to bring cases to the attention of the authority, competence in the coordination of social security systems, and safeguarding the rights of employers and trade unions to reach collective agreements and of unions to take industrial action. The ELA moved to its permanent seat in Bratislava in October 2021 and should be fully operational by 2024.

The ETUC has been calling for a better work-life balance for years, and Covid-19 has brought this issue into sharp focus for many workers. Principle 9 of the EPSR pledges "the right to suitable leave, flexible working arrangements and access to care services" for parents and people with caring responsibilities. In 2019 the EU adopted a Directive on work-life balance¹³ another product of the EPSR – and once more trade unions have been working to bring about real change in all EU countries, not only through implementation of the legislation but also through collective bargaining. The ETUC published a report as part of the #Rebalance research project, assessing the situation in 10 Member States, and offering unions a toolkit for progress. With more and more people connected digitally to their work because of Covid-19 restrictions, the right to disconnect, backed by MEPs as a fundamental right¹⁴, should also be enshrined in EU law.

The EPSR foresees a rights-based approach to social protection throughout the life-cycle, with equal old-age rights for all and across all generations. In the EU

¹² <https://www.etuc.org/en/pressrelease/agreement-reached-european-labour-authority>

¹³ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32019L1158>

¹⁴ <https://www.europarl.europa.eu/news/en/press-room/20210114IPR95618/right-to-disconnect-should-be-an-eu-wide-fundamental-right-meps-say>

there is a longer life expectancy and a lower birth rate, which results in an aging population. This phenomenon can be a source of further raise in inequalities unless the EU takes action by adopting inclusive and socially sustainable policies to address the effects of such demographic change. Access to adequate and effective pension rights should be guaranteed to all workers and the self-employed, including young people who are trapped in precarious jobs, or insecure careers. Safety nets to avoid poverty must be ensured for everyone in need, together with effective access to health and long-term care. The Covid-19 pandemic has exposed very clearly the gaps and shortcomings¹⁵ of the care systems. The ETUC has focused on Ageing with Dignity¹⁶ and called for the adoption of a comprehensive anti-poverty strategy. More public funding is needed in defiance of the negative narrative surrounding the ‘cost of ageing’, to offer a decent standard of living for young and old. The EU must adopt policies that put people first.

A comprehensive anti-poverty strategy should aim at securing adequate minimum income to people of all ages, allowing them to be fully involved in society and lead a life in dignity. In 2022, the Commission will finally bring forward an initiative on Minimum Income, to combat poverty, but again it will only be in the form of a recommendation: soft law that does not compel Member States to take real action.

On health and safety (Principle 10) we also want to see further action to limit dangerous carcinogens or mutagens in the workplace: nobody should be exposed to life-threatening chemicals at work or die doing their job. In the Commission’s 2022 Work Programme, we welcome a legislative initiative on protecting workers from exposure to asbestos at work. However, there is no proposal for the “Zero fatal accidents vision” and the ETUC will continue to demand zero tolerance of fatal accidents and for the strategy for the prevention of accidents at workplace. In addition, we still need concrete proposals on how to implement the active ageing strategies that European Social Partners agreed upon¹⁷ in the demographic context, in order to optimise opportunities for workers of all ages, to work in good quality, productive and healthy conditions until legal retirement age.

¹⁵ <https://www.etuc.org/sites/default/files/document/file/2020-05/Critical%20aspects%20for%20healthcare%20in%20the%20EU%20COVID%202019.pdf>

¹⁶ <https://www.etuc.org/en/document/etuc-resolution-implementing-epsr-ageing-dignity>

¹⁷ <https://www.etuc.org/sites/default/files/circular/file/2019-07/European%20Social%20Partners%E2%80%99%20Autonomous%20Framework%20Agreement%20on%20Active%20Ageing.pdf>

No social progress can be envisaged without tackling the major challenge facing humanity: climate change. The ETUC has been at the forefront of pressure to make society greener and more sustainable, and in particular demanding a just transition for workers including regional solidarity; strong social protection and skills (re)training; robust social dialogue and the creation of high quality jobs. The ETUC was instrumental in securing the €4.8 billion Just Transition Fund to support regions most affected by the change to a carbon-neutral economy, but Europe also needs a coherent strategy that aligns all policy decisions in the same direction.

Turning the European Pillar of Social Rights into tangible social progress is urgent and must be part of a larger post-pandemic transformation to a fair and sustainable society. The action plan needs sufficient funding to achieve its ends and the EU should be able to raise the resources it needs for recovery. The Member States need to set ambitious goals at national level to achieve the headline targets agreed to in the Action Plan.

There is still a great deal more to do to implement the EPSR and bring about the progress people have been waiting for too long. The ETUC has laid out¹⁸ its full expectations on a dedicated website. What Europe needs now is political will, with a high-level commitment to social objectives, to be achieved through setting and monitoring goals and indicators at every level, in co-operation with trade unions and employers.

In the post-pandemic era, the pillar should contribute to a better economic and social governance, which builds sustainable growth and wellbeing for all. Ideally, we want the pillar to be incorporated into the EU treaties, to reorientate the fiscal compass, so that the EU can become a real social market economy as the treaties affirm.

In the meantime, the ETUC is involving its members in reaching out to promote the EPSR and explain the relevance of the action plan to workers across Europe. We want people to take ownership of the next steps so that the European Pillar of Social Rights is no longer an abstract ideal but a practical roadmap to a fairer society.

¹⁸ <https://est1.etuc.org/>

4. A Greener and more Social Pillar¹

Maria Petmesidou and Ana M. Guillén

As the Social Summit looms, a step change in social and environmental rights is needed to realise the EU's just-transition goal.

The European Green Deal² (EGD) assigns a pivotal role to the European Pillar of Social Rights (EPSR), in guiding the transition to inclusive environmental sustainability. This nexus is much touted too in the Action Plan³ for the implementation of the EPSR, recently presented by the European Commission. The 20 principles of the EPSR⁴ are held to be the beacon towards 'a transition to climate-neutrality, digitalisation and demographic change that is socially fair and just', ensuring that the EGD and the 2030 Digital Decade are beneficial to all Europeans.

These are very ambitious and demanding goals. But the narrow approach to 'just transition'⁵ underlying the green and digital agendas of the EU, as well as significant gaps in the EPSR—let alone its non-binding character⁶—raise important questions as to their realisation.

The current conjuncture is opportune to reflect on barriers to, and enablers of, such an inclusive transition. Particularly so as the pandemic underscores the urgency of simultaneous efforts to address the environmental crisis and its unequal distributional impacts, while high expectations for the EU's commitment to social rights⁷ attach to the Social Summit in Porto in May.⁸

¹ This paper first appeared on the website of Social Europe (www.socialeurope.eu) on the 1st April 2021 under the title "A Greener and more social pillar." And is reproduced for this conference with thanks to the authors and Robin Wilson, the editor of Social Europe

² https://ec.europa.eu/info/strategy/priorities-2019-2024/european-green-deal_en

³ https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-action-plan_en

⁴ https://ec.europa.eu/info/strategy/priorities-2019-2024/economy-works-people/jobs-growth-and-investment/european-pillar-social-rights/european-pillar-social-rights-20-principles_en

⁵ <https://socialeurope.eu/focus/just-transition>

⁶ <https://socialeurope.eu/eu-credibility-as-a-peoples-union-rests-on-the-social-pillar>

⁷ <https://socialeurope.eu/european-social-rights>

⁸ https://ec.europa.eu/commission/presscorner/detail/en/IP_21_101

Squaring the circle

The intensity and pace of change in the economy and society under the triple transition—green, digital and demographic—all accelerated by the pandemic, are of an unprecedented scale. An approach to ‘justice’ and ‘fairness’ which narrowly targeted groups or regions expected to be severely hit by the combined effect of the technological advances and the decarbonising of the economy could hardly square the circle of meeting the environmental challenges while ensuring social equity and wellbeing.

Such a limited view of the social impacts of climate change and associated policies is however evident in the commission’s communication⁹ of December 2019 on the EGD. This makes no reference to inequality and the main social-policy tools on which it focuses are ‘pro-active re-skilling and upskilling’, deemed ‘necessary to reap the benefits of the ecological transition’.

As important as it to engage with the implications in terms of employment and vocational education and training for the social groups most severely hit by the green and digital transitions, if this transformation is not set within a comprehensive approach to the wide-ranging distributional impacts on social groups, regions and localities, it cannot suffice to meet the EU’s pledge of ‘leaving no one behind’.

That requires a step change towards an integrated approach, critical of the impact of existing social and economic structures and relations on the environmental crisis. It calls for actions which simultaneously address a broad range of socio-economic inequalities and climate adaptation/mitigation.

A constrained just-transition approach, relying on a combination of social safety-nets and vocational education and (re)training policies for specific groups of workers most affected, would risk being another failed blueprint. Recall how the notion of ‘flexicurity’, connoting a benign combination of flexibility and security in the labour market, entailed in practice a troublesome relationship between the deregulation of labour and social policy in the pursuit of competitiveness and profit maximisation.

Legally enforceable

A legally enforceable social rulebook which guarantees the right to a healthy environment is crucial for an inclusive transition. When the EPSR was

⁹ https://ec.europa.eu/info/publications/communication-european-green-deal_en

proclaimed by EU leaders in November 2017 there was no explicit concern¹⁰ about the two-way relationship between social inequality and environmental challenges. The direct or indirect implications for the effective enjoyment of social rights deriving from adverse effects of climate change and climate-change policies, and how these implications can be averted, are crucial issues. But they were not at the forefront of EU-level political considerations.

The recently published Action Plan aspires to address this lacuna, as its ambitious subtitle ('A Strong Social Europe for just transitions and recovery') denotes. But a careful reading shows that expectations for a reinforced pillar vis-à-vis the environmental challenges are hardly met.

Neither are there any signs of a roadmap to becoming a legally-binding instrument in the future. Obviously, such a development would have potentially powerful effects on the political context of EU integration and the realisation of a social Europe.

The Action Plan is rather a revamped version of the EU 2020 Agenda¹¹. It resets, for 2030, two targets of the agenda of the previous decade, on employment and poverty reduction, which were not achieved—most blatantly the poverty target—and adds a third, aiming to empower lifelong learning. The EPSR's loose programmatic status is also reflected in the very narrow scope of new legislative initiatives¹² under the Action Plan.

A crucial step in addressing the just-transition challenge would be to set at the core of the EPSR a broadly defined right to protection of health, underscoring the right to a healthy environment. Such a broad definition of health protection is already inscribed in the European Social Charter¹³ of the Council of Europe. It highlights the strong interactions between the environmental challenges, health and wellbeing. The pandemic has brought into sharp relief the risks faced by ignoring these interlinkages.

The right to a healthy environment is essential to ensure adequate living and working conditions which promote the enjoyment of health by all—not only pertaining to the workplace, as is the case now with the pillar. Moreover,

¹⁰ https://www.researchgate.net/publication/322037361_Towards_a_European_Pillar_of_Social_Rights_from_a_preliminary_outline_to_a_Commission_Recommendation

¹¹ <https://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf>

¹² <https://socialeurope.eu/social-pillar-action-plan-longer-on-aspiration>

¹³ <https://academic.oup.com/icon/article/7/3/529/703201>

expanding the right to health to include appropriate environmental conditions for the realisation of most other essential rights (such as to food, housing and work) can strengthen social citizenship as a core idea of the EPSR, supportive of an inclusive transition.

Close monitoring

In line with this, the interface¹⁴ between social rights and environmental change must be closely monitored. Available Eurostat datasets and indicators—on the Sustainable Development Goals, EU 2020, the EPSR and the environment—cover a wide range of issues of social inequality and exclusion on the one hand and greenhouse-gas emissions, air pollutants, biodiversity and energy on the other. But information on the social-environmental linkages is sparse.

Data need to be systematically collected on exposure to environmental hazards by socio-professional or income group and on cumulative vulnerability and health risks across social groups due to the distribution of the burden of environmental inequality. Also required are greenhouse-gas emissions by income group (on the basis of consumption) and the distributional impacts of various environmental policies. Such data would provide a valuable compass to a genuinely just transition.

The Social Summit provides an opportunity to give political impetus to a strengthened pillar, which underlines the right to a healthy environment and brings centre-stage the nexus between social rights and environmental change. Whether it can deliver on this expectation remains to be seen.

¹⁴ <https://socialeurope.eu/the-four-is-of-a-new-socio-ecological-contract>

5. How the European Pillar of Social Rights can help to advance social policy in Ireland

Hugh Frazer

1. Introduction

An ambitious agenda

The European Pillar of Social Rights (EPSR) sets out an ambitious agenda and is, potentially, the European Union's (EU's) most important social policy initiative in the last two decades. If it is energetically and rigorously implemented, and that remains a big if, it can be a key tool in redressing the imbalance between economic, employment and social policies by putting social and economic justice at the heart of EU and national policy making. It represents a new political realisation that there is a need to build a more social and inclusive Europe. It is a response to the threat to European democracy and the survival of the EU posed by the rise of populism and the growing alienation of many people who feel that the EU has not sufficiently benefited them and contributed to improving their daily lives and meeting their essential needs. It is also a recognition that issues of poverty, social exclusion and excessive inequality remain major challenges across the EU and that too many people in the EU lack adequate access to adequate income and to high quality essential services. While conceived before the outbreak of Covid-19, it provides an important framework that can guide efforts to build back better post the epidemic. It can also help to ensure that the major green and digital transitions that are at the heart of current EU policy making take account of the social dimension and do not lead to greater inequality and exclusion. As the European Social Platform has argued "It is the right tool to bring about the necessary policy changes to address key trends, such as poverty and social exclusion, job precariousness and in-work poverty, and barriers to accessing social protection, including for people in non-standard forms of employment and the self-employed" (European Social Platform 2021).

Some reservations

While the EPSR undoubtedly has significant potential whether it goes beyond being a nice set of aspirations and achieves the impact many of us hope will depend on its effective implementation. In the period since the adoption of the EPSR in 2017 its implementation has been slow. However, momentum has increased significantly with the publication by the European

Commission (hereafter referred to as the Commission) of an Action Plan for the implementation of the EPSR in March 2021 (European Commission 2021) and then the public endorsement of the EPSR and the Action Plan at the Social Summit in Porto on 7 and 8 May 2021, organised by the Portuguese Presidency of the European Council.¹ The Commission's action plan and the outcome of the Porto summit are encouraging steps forward. However, the action plan needs to be built on. The overall poverty target and the sub-target on child poverty are modest and don't match the ambition of the Sustainable Development Goals. The plan is much more developed in some areas than others and in several areas does not go far enough in terms of legislative action. If the EPSR is to achieve a major impact several things will be required:

- continued political leadership and increased public awareness and support;
- strengthened social governance through effective mainstreaming of the EPSR principles in the European Semester process and the Social Scoreboard thus rebalancing social and economic priorities and effectively integrating the EPSR goals into fiscal policy and the digital and green transitions;
- increased use of EU legislation to establish enforceable minimum social standards;
- avoiding cherry-picking – i.e. avoiding piecemeal implementation with a greater focus on some principles (for instance those relating to the labour market) than others;
- ensuring that there is a focus on those who are in the most vulnerable situations when implementing all principles and not just in selected areas such as the principles relating to social protection and inclusion; and,
- overcoming data gaps and increasing the timeliness of data.²

¹ On 7 May, the Commission, the European Parliament, representatives of civil society, and social partners signed the 'Porto Social Commitment', whereby they undertook to place the EPSR at the centre of the strategy for a sustainable and inclusive recovery. On 8 May, the heads of state and government, in an informal gathering of the European Council, released the 'Porto declaration', which further stressed that the EPSR is a fundamental element of the recovery, as well as the importance of the Action Plan for achieving upward social and economic convergence in the post-pandemic phase.

² There is not space to elaborate on all these points in this short paper but many of these points are well developed in a recent ETUI Policy Brief (Rainone and Aloisi 2021), in Eurodiaconia's April 2021 assessment of the action plan (Eurodiaconia

In the rest of this short paper, I will do two things. First, I will suggest some overall ways in which the EPSR can be used to strengthen Irish social policy. Secondly, I will focus on the role that the EPSR can play in addressing a few specific issues.

2. Overall ways the EPSR can be used to impact Irish social policy

The EPSR can be a very useful tool both for policy makers and for those arguing for stronger social policies in Ireland. I suggest below nine ways the EPSR can be used as a lever for developing better social policies and creating a more inclusive society.

2.1 Rebalancing economic and social policy

The preamble to the EPSR stresses that its establishment “should be part of wider efforts to build a more inclusive and sustainable growth model” and thus recognises that policies to foster social cohesion need to be given the same status as policies to promote competitiveness and job creation. Thus, implementing the EPSR’s 20 principles on equal opportunities and access to the labour market, fair working conditions and social protection and social inclusion should be at the heart of Irish policy making in the future. The EPSR thus provides a very useful tool to argue for stronger policies in all the areas it covers. Member States have an obligation to ensure that the principles they have agreed are implemented and the EPSR can be used to hold Irish governments to account in each of the areas covered. They are thus an important tool to support the development of a more balanced approach to economic and social policy.

2.2 Providing a framework for assessing Irish policies and fostering a comprehensive, integrated and strategic approach to issues of poverty and social exclusion

It is now widely recognised that in order to combat poverty and social exclusion, it is essential that there is a comprehensive and multi-dimensional approach that combines supporting access to good quality employment, adequate income support and access to high quality essential services. It is not action in one area but action across a broad range of policy areas that is required and policies need to be developed and implemented in ways that are mutually reinforcing. Because the EPSR principles cover all these areas they provide a very useful framework

2021) and in a European Economic and Social Committee Opinion (European Economic and Social Committee 2021).

for reassessing Irish policies to combat poverty and social exclusion as set out in the Roadmap for Social Inclusion 2020-2025 (Government of Ireland 2020) and ensuring that those at risk of poverty or social exclusion have access to all the rights set out in the EPSR principles. Indeed, the Commission’s action plan stresses that to achieve the agreed poverty reduction target “an integrated approach is essential to address needs at all stages of life and target the root causes of poverty and social exclusion” (European Commission 2021). This is very much consistent with the emphasis in Ireland’s Roadmap for Social Inclusion on a cross-government approach, with the integration of relevant departmental strategies within the Roadmap.

2.3 Setting clear goals and targets

The principles set out in the EPSR are very clear and specific. They thus provide a basis for assessing where current Irish policies fall short of achieving them and then arguing for the establishment of a clear roadmap for each principle where more needs to be done which sets out clear steps and sets concrete targets to be achieved along the way. The Commission’s Action Plan, as well as setting the three EU headline targets which were agreed at the Porto Summit³, also “calls on the Member States to define their own national targets” (European Commission 2020). Ireland already has quite a good track record in setting goals and targets and the current Road Map for Social Inclusion sets quite an extensive range of goals and targets. The EPSR provides a useful framework against which to review and develop these further.

2.4 Enhancing data, monitoring and accountability

The Commission’s action plan recognises the importance of monitoring and reporting on the implementation of the EPSR and links this closely to the European Semester process. It recognises that this will require revising the Social Scoreboard and improving the timeliness of social statistics, though its proposals

³ The three headline targets are: at least 78% of the population aged 20 to 64 should be in employment by 2030, including a reduction of young people not in employment, education or training to 9%; at least 60% of all adults should participate in training every year, and access to basic digital skills must be promoted for at least 80% of people aged 16-74; and the number of people at risk of poverty or social exclusion should be reduced by at least 15 million by 2030 of which at least five million should be children. I would agree with Lukas Hochscheidt when he argues that “While the targets for employment and training are bold and clear, that for the reduction of poverty lacks ambition” (Hochscheidt 2021). Also, as Eurochild has highlighted, the sub-target on child poverty is not ambitious enough (Eurochild 2021).

in this regard need further development.⁴ In the Irish context this can provide an impetus to further strengthen the indicators and availability of data in relation to each of the EPSR principles. In particular it provides an important tool to insist that, in those areas where we still lack adequate and timely data on those groups in the most vulnerable situations, we now fill these gaps. This will be key to both setting clear targets in each area and to monitoring progress. In Ireland we can also use EU level monitoring and reporting as an important lever to encourage policy efforts in Ireland. In my experience European Commission country desk officers preparing national reports monitoring the implementation of initiatives such as the EPSR and preparing country reports as part of the European Semester process welcome informed reports from civil society and researchers which can help them in their assessment of national policies and the progress that is being made. These reports and the Country Specific Recommendations they lead to can then increase pressure on a Member State to enhance policies in specific areas.

2.5 Increasing focus on those groups most at risk of poverty and social exclusion

The EPSR and the Commission’s action plan refer several times to the need to focus on “those in need” and the “most vulnerable” and to focus on “under-represented groups”. It is also striking that the implementation of the EPSR is being linked to the implementation of the UN Sustainable Development Goals (SDGs) though in several areas of the Commission’s action plan it lags behind the ambitions of the SDGs.⁵ For instance, the Commission’s proposal in its action plan for updating the Social Scoreboard is linked to the SDGs. This is significant as the SDGs include a commitment to “leave no one behind” and to endeavour “to reach the furthest behind first” (United Nations 2015). Thus, this provides a useful tool for insisting that, in its implementation of the EPSR, Ireland prioritises the identification and development of measures targeting those in the most vulnerable situations such as ethnic minorities (especially

⁴ For instance, Eurodiaconia (2021) have argued for: adding an indicator on homelessness; adding racial or ethnic origin to the collection of data in line with the demands of the EU Anti-racism Action Plan and following the principles of equality data collection; using racial and ethnic origin as bases for the breakdowns to all the social scoreboard indicators; having breakdowns by age, gender, country of birth and disability status added to all the social scoreboard indicators; adding an indicator measuring the level of investment into social services as percentage of GDP spent or equivalent; and adding an indicator measuring self-reported un/met needs for social service.

⁵ See Eurodiaconia (2021) for a useful elaboration on where the EPSR action plan lags behind the SDGs

Roma and Travellers), people with a migrant background, low skilled people, families in vulnerable situations (especially lone parents), those experiencing severe housing deprivation and homelessness, vulnerable elderly and persons with disabilities.⁶

2.6 Tackling discrimination

Closely related to targeting those in the most vulnerable situations is countering discrimination. In this area, the aim of the Commission Action Plan to combat stereotypes and discrimination in employment, training, education, social protection, housing and health, as well as allowing for EU funds such as European Social Fund (ESF+), European Regional Development Fund (ERDF), Creative Europe and Erasmus+ to finance initiatives that support these goals is important and can help to further strengthen national policies.

2.7 Promoting greater gender equality

Addressing gender inequality needs to be a key element in efforts to tackle poverty and social exclusion in Ireland. In this regard the EPSR can be a useful tool, particularly principle 2 on gender equality and principle 3 on equal opportunities. It can provide a helpful lever for strengthening policies to address issues such as gender pay gap and pension gap, to enhance family friendly working and affordable and accessible ECEC and strengthen policies against domestic violence. Indeed, these core principles can be the basis for ensuring that a gender perspective is applied across all the policy areas covered by the EPSR. The Commission's action plan contains some helpful commitments, for instance: to at least halve the gender employment gap compared to 2019; to increase the provision of formal early childhood education and care (ECEC); to present, by 2022 any legislation required to address shortcomings in the application of the Employment Equality Directive and the Racial Equality Directive, in particular to strengthen the role of equality bodies; and to propose

⁶ Principle 17 of the EPSR specifically focuses on the inclusion of people with disabilities and the Commission action plan is quite well developed in this area. The Commission action plan also encourages Member States to adopt and implement the proposal for a Council Recommendation on Roma equality, inclusion and participation.

legislation to combat gender-based violence against women, including work harassment on grounds of sex.

2.8 Increased learning from good practice elsewhere

One of the main tools for developing Irish social policies is through comparisons with other countries and learning from those Member States achieving more successful outcomes. As the implementation of the EPSR proceeds there should be an increasing body of evidence of what policies are proving most successful in achieving the different EPSR principles. By actively participating in the EPSR process Irish policy makers and activists can gain valuable insights and arguments for strengthening areas in which our social policies lag behind the best performing countries.

2.9 A better use of EU Funds

The European Commission has placed a strong emphasis on linking the use of EU Funds to the delivery of the EPSR and stresses that “Member States should make full use of the unprecedented EU funds available for the 2021-2027 period to support reforms and investments in line with the European Pillar of Social Rights” (European Commission 2021).⁷ From a poverty and social exclusion perspective it is striking that 25% of the ESF+ resources should specifically be spent to combat poverty and social exclusion. Other EU funds such as the Recovery and Resilience Fund and ERDF can also make a significant contribution in this regard. This is thus a very strong lever for enhancing Ireland’s focus on poverty and social exclusion and ensuring an improved targeting of EU Funds on those in need.

2.10 Enhancing the role of civil society in policy making

The Commission’s action plan specifically recognises that civil society has a role to play along with EU institutions, national, regional and local authorities and social partners in the delivery of the EPSR. Also, in a very concrete recognition of the importance of civil society and social partners, under the ESF+ “Member States must dedicate an appropriate amount to the capacity building of social partners and civil society organisations: 0.25% of ESF+ resources should be programmed when Member States have a Country Specific Recommendations in this area” (European Commission 2021). This provides a strong basis for civil society involvement in the design, implementation and monitoring of Ireland’s

⁷ Member States to use the EU funding opportunities, notably through their national recovery and resilience plans and their ESF+ and ERDF operational programmes to support the national implementation of the Social Pillar.

efforts to realise the principles set out in the EPSR. It is also a reason why Irish civil society organisations should engage actively through their EU networks in the implementation process at EU level. This in turn can increase pressure for reforms back in Ireland.⁸

3. Using the EPSR to advance specific policies to combat poverty and social exclusion

The EPSR covers a very broad range of policy areas all of which are important. In this paper I will focus on just 5 where I think it has particular potential to strengthen efforts to combat poverty and social exclusion in Ireland. These are: child poverty, income adequacy and inequality, housing exclusion and homelessness, access to essential services and just digital and green transitions. In looking at these areas I will give most attention to child poverty as that is the area in which most of my work at EU level has focussed on in recent years.

3.1 Child poverty

The fact that one principle of the EPSR, principle 11, focuses on early childhood education and care (ECEC) and on child poverty and children from disadvantaged backgrounds is very significant.⁹ It is in many ways the culmination of two decades of work at European level on the issue of child poverty and social exclusion.¹⁰ It is also one of the areas in which the Commission's action plan for implementing the EPSR is most developed. This is in part because, in parallel to the development of the action plan, work was in train to develop the European Child Guarantee and the EU Strategy on the Rights of the Child.¹¹

⁸ The importance of and the right to meaningful involvement of civil society in the implementation of the Social Pillar at both EU and national level has been well argued by the Social Platform (Social Platform 2018)

⁹ EPSR Principle 11. Childcare and support to children

- a. Children have the right to affordable early childhood education and care of good quality.
- b. Children have the right to protection from poverty. Children from disadvantaged backgrounds have the right to specific measures to enhance equal opportunities.

¹⁰ For more on the evolution of EU policies on child poverty and social exclusion see for instance: Frazer, Marlier and Nicaise (2010), Frazer and Marlier (2013 and 2017) Frazer, Guio and Marlier (2020) and Guio, Frazer and Marlier (2021).

¹¹ The idea of a European Child Guarantee was first proposed by the European Parliament in 2015 which called for a guarantee that “every child in Europe at risk of poverty (including refugee children) has access to free healthcare, free education, free childcare, decent housing and adequate nutrition”. In response in 2017 the Commission launched an extensive process of consultation and feasibility studies

The Commission has stressed that the Child Guarantee (CG) represents a concrete deliverable of the European Pillar of Social Rights Action Plan and will contribute to achieving its headline target of reducing the number of people at risk of poverty or social exclusion. The CG in particular and the principles of the EPSR more generally can be a very important tool for enhancing and deepening Irish policies on child poverty.

Comprehensive and strategic approach with clear targets

The requirement to develop a national action plan by March 2022 to deliver the EPSR principles and implement the CG creates a very important opportunity to review our existing policies and to identify any weaknesses. Out of this process there should emerge a very clear strategy that goes beyond existing strategies such as the Roadmap for Social Inclusion 2020 – 2025 (Government of Ireland 2020). This should involve a comprehensive and coordinated approach and set out very clear steps and concrete measures to ensure that the objectives set out in the EPSR and CG will be met. It should also ensure that not only access to the five areas covered by the CG¹² but also access to adequate income support for children and families is part of the national action plan. The importance of this is further reinforced by principle 14 of the EPSR on minimum income¹³ and principle 6b on adequate minimum wages.

Increased emphasis on rights

The language of the EPSR emphasises the right of people to key services and supports and the CG is underpinned by a child rights perspective. This provides a basis for ensuring that Ireland’s policies in different areas are informed by

between 2017-2021 (see Frazer et al 2020 and Guio et al 2021). The Commission launched its proposal for a Council Recommendation establishing a European Child in March 2021 (European Commission 2021a) at the same time as adopting the EU Strategy on the Rights of the Child (European Commission 2021b). This was adopted by the European Council in June 2021.

- ¹² The CG emphasises: (a) guarantee for children in need effective and free access to early childhood education and care, education and school-based activities, at least one healthy meal each school day and healthcare; and, (b) guarantee for children in need effective access to healthy nutrition and adequate housing.
- ¹³ EPSR Principle 14: “Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services.” EPSR Principle 6b: “Adequate minimum wages shall be ensured, in a way that provide for the satisfaction of the needs of the worker and his/her family in the light of national economic and social conditions, whilst safeguarding access to employment and incentives to seek work. In-work poverty shall be prevented.”

this. So, for example, if you take children’s rights as a starting point the primary consideration must be the rights of **all** children to high quality ECEC not just ensuring that ECEC is available to parents accessing employment, important though this is. The strong emphasis on children’s rights also suggests that the Ombudsman for Children can play an important role in the development of the Irish national action plan and subsequently in monitoring its implementation.

Clear identification of children most in need

The CG puts a very strong emphasis on ensuring access of children in need to key services and specifically identifies children in the most vulnerable situations.¹⁴ To ensure this, it will be important that in the national implementation action plan there is a clear identification of these children and that clear targets are set for each group ensuring their access to high quality and inclusive services. An important requirement in this regard will be to develop disaggregated data covering children in particularly vulnerable situations at both EU and national levels. In the Irish context this should certainly include Roma and Traveller children, children from a migrant background, children and families experiencing severe housing exclusion and homelessness, children with a disability, and children in precarious family situations.

Enhanced policy coordination

The Commission stresses that the CG “will be effective only within a broader set of integrated measures, as outlined in the European Pillar of Social Rights Action Plan, and within a broader policy framework of the EU strategy on the Rights of the Child”. It thus emphasises the need to “build a supportive enabling policy framework by: (i) ensuring that relevant policies are consistent with one another and improving their relevance for supporting children; (ii) investing in adequate education, health and social protection systems; (iii) providing labour market integration measures for parents or guardians and income support for families and children; (iv) addressing the territorial dimension of social exclusion, including in distinctive urban, rural and remote areas; (v) strengthening cooperation and involvement of various stakeholders; (vi) avoiding discrimination and stigmatisation of children in need; (vii) supporting strategic investments in children and services, including enabling

¹⁴ The CG particularly highlights the needs of: (i) homeless children or children experiencing severe housing deprivation; (ii) children with a disability; (iii) children with a migrant background (iv) children with a minority racial or ethnic background (particularly Roma); (v) children in alternative (especially institutional) care; and (vi) children in precarious family situations.

infrastructure and qualified workforce; and (viii) allocate adequate resources and making optimal use of the EU funding”. All of this implies a strong emphasis on coordination so that policies are developed and implemented in an integrated and holistic way and are mutually reinforcing. To ensure this every country is expected to appoint a national coordinator to ensure effective involvement and coordination across different policy areas. While the Department of Children, Equality, Disability, Integration and Youth already plays an important role in this regard, a specific named CG coordinator can play a key role in championing and promoting the CG across all relevant departments and agencies and enabling increased cooperation and coordination. It will be important that the remit for that role will include widespread consultation with relevant stakeholders including civil society organisations working with children and children and families experiencing poverty.

Enhanced monitoring and reporting

The integration of the CG into the European Semester process and the requirement that Member States report on a biannual basis on progress together with the involvement of the Social Protection Committee in developing a common monitoring framework establish a strong emphasis on monitoring. In this regard the proposal in the Commission action plan to revise the Social Scoreboard and the new child specific headline indicator on child poverty and secondary indicators on children from age 3 to mandatory school age in formal childcare and underachievement in education - including digital skills is important. This focus on monitoring will be very helpful in holding the government and departments and agencies to account in delivering commitments in the national action plan. Irish civil society organisations can make important inputs to the monitoring process both at EU and national levels and use it as a very useful lever to enhance implementation of the CG

Enhanced use of EU Funds

The first feasibility study for the child guarantee (Frazer et al 2020) highlighted the quite limited and haphazard way in which EU Funds have been used to support efforts to tackle child poverty and social exclusion. The very strong emphasis now being given in both the Commission’s action plan for implementing the EPSR and especially in the CG to using EU Funds in the 2021-2027 in support of the EPSR principles and the CG priorities is a very strong lever for ensuring a more strategic use of EU Funds here in Ireland to tackle child poverty and social

inclusion and promote the access of children in need to essential services.¹⁵ Hopefully this can also act as a stimulus for further investment from the national budget.

Enhanced policy role for civil society and in those at risk of poverty

Ireland is one of the EU Member States that has a relatively good track record in consulting with stakeholders and with children in relation to poverty and social inclusion issues. This should be further enhanced by the EPSR and the CG. The Child Guarantee stresses the importance of such involvement and provides an important basis for ensuring effective involvement of a broad range of stakeholders and children in the development, implementation and monitoring of its CG action plan.¹⁶

Specific policy actions

The CG spells out in each of the policy areas covered (i.e. ECEC, education and school based activities, healthcare, nutrition and housing) a range of concrete policies that should be in place to ensure adequate access for children in need. These are too many to elaborate on in this short paper. However, considering whether existing Irish policies in relation to each of them are sufficient or need to be further developed provides a very good starting point for developing the Irish national action plan.

¹⁵ It has been agreed that the the European Social Fund Plus will support the achievement of the Child Guarantee and, very significantly for Ireland, that those EU members states who have levels of child poverty or social exclusion above the EU average **must** allocate at least 5 per cent of their European Social Fund Plus to tackling child poverty. Furthermore, the Commission also stresses that other EU funds (the European Regional Development Fund REACT-EU, Invest-EU, the Recovery and Resilience Facility and the Technical Support Instrument) can support investments in enabling infrastructure, such as social housing and early childhood education and care facilities, as well as equipment, access to quality and mainstream services and implementing structural reforms.

¹⁶ The CG encourages Member States to “ensure the participation of regional, local and other relevant authorities, children and relevant stakeholders representing civil society, non-governmental organisations, educational establishments and bodies responsible for promoting social inclusion and integration, children’s rights, inclusive education and non-discrimination, including national equality bodies throughout the preparation, implementation, monitoring and evaluation of the action plan”.

In addition to the priority areas covered in the CG several of the principles in the EPSR, particularly those relating to adequate minimum wages (principle 6), adequate unemployment benefits (13), adequate minimum income (14), access to health care (16), inclusion of people with disabilities (17), housing and assistance for the homeless (19) and access to essential services (20) are highly relevant to take into account when developing the national action plan to implement the CG. Also, as Eurochild has pointed out in its helpful analysis of the Commission’s EPSR action plan from a child rights perspective, the action plan’s “commitment to available, affordable and high-quality ECEC and the revision of the Barcelona Targets” and “The encouragement towards Member States to provide accessible and affordable ECEC” are welcome (Eurochild 2021). They can be useful levers to improve ECEC policies here.

In this short paper there is not space to examine in detail all the developments that could be incorporated in each policy area in Ireland’s national action plan to implement the CG. However, to stimulate debate let me just suggest three policies that might be given a very high priority. These are:

- put in place a clear scientific basis for setting levels of minimum wages and income support (i.e. unemployment benefits, minimum income, child benefit) for families and children in need which are adequate to ensure children’s well-being and development and their access to enabling goods and services;¹⁷
- while it may not be immediately achievable, given the importance of high quality and affordable ECEC in children’s development as well as the contribution it makes to supporting parents’ access to the labour market, set a goal to work towards a state provided system of free childcare and after-school provision for all children from a young age over the period of the CG (i.e. up to 2030);
- introduce a right to housing for families with children and to this end increase the supply of social housing stock with better targeting of children and families in vulnerable situations.

3.2 Inequality and income adequacy

Three of the key factors in Ireland that lead to high levels of inequality and too many people living on inadequate incomes in Ireland are low pay and insecure employment, high numbers of jobless households, and inadequate income

¹⁷ The work of the Vincentian Partnership for Social Justice on reference budgets can be very helpful in this area.

support and these are compounded by high costs of housing and essential goods and services and the effects of discrimination and marginalisation experienced by some groups in vulnerable situations. Several principles of the EPSR can be helpful in enhancing efforts to reduce income inequalities and ensure adequate income. In particular principles 5 to 10 on fair working conditions, if effectively implemented, provide a useful framework for addressing the challenges of low pay and insecure employment providing that policies and programmes to address them identify and reach out to those most in need of support. In this regard the Commission’s action plan’s proposal for a Directive on Adequate Minimum Wages can be an important support in arguing for further improvements in minimum wage levels. The Commission’s action plan recognises the need to address in-work poverty and inequality and that “ensuring that jobs pay an adequate wage is essential to guarantee adequate working and living conditions for workers and their families” (Commission 2021). However, as the European Trade Union Institute (ETUI) have pointed out the action plan lacks sufficient legislative initiatives to underpin the principles and to “establish binding social safeguards promoting working and living conditions” (Rainone and Aloisi 2021). In relation to social protection the principles on adequate unemployment benefits (13) and on adequate income benefits (14) are important. However, in its action plan the Commission only commits to proposing a Council Recommendation on Minimum Income which falls short of the Framework Directive on adequate minimum income schemes that many organisations such as the European Anti Poverty Network and the Social Platform and experts¹⁸ have been arguing for over many years.

3.3 Housing exclusion and homelessness

Principle 19 of the EPSR on housing and assistance for the homeless is an important recognition of the urgency of this issue and this is recognised in the Commission’s action plan. The establishment of the European Platform on Combating Homelessness can lead to strengthened EU-level cooperation and help Member States to address homelessness effectively. As FEANTSA, the European Federation of National Organisations Working with the Homeless, has pointed out the “European Platform could become a motor for progress in tackling homelessness in the EU Member States” and could “build the knowledge base for effective, integrated and rights-based homeless policies and services and improve comparative monitoring” (FEANTSA 2021). This can be very useful in developing policies in Ireland. However, as FEANTSA has pointed out “It is therefore regrettable that no political commitment or target related

¹⁸ See for instance Aranguiz, Verschueren and Van Lancker (2020)

to homelessness has been included in the Action Plan” and this needs to be rectified.

3.4 Access to essential services

Looking at Irish social policy from outside over a number of years what is striking when compared with the best performing countries is the imbalance between a focus on improving income support and investing in ensuring access to high quality, inclusive, accessible and affordable essential services. By EU standards Ireland’s social protection system does well in reducing the risk of poverty however levels of investment in high quality services has been less developed. Thus the EPSR’s principle 1 on the right to quality and inclusive education, training and life-long learning, principle 16 stating that everyone has the right to timely access to affordable, preventive and curative health care of good quality, principle 18 stressing the right to long-term care services of good quality, in particular and community-based services and principle 20 of the EPSR on access to essential services of good quality (water, sanitation, energy, transport, financial services and digital communication) provide a very important focus for Irish policy. Indeed one of the key learning points of the Covid pandemic has been the unequal access to key services that too many people in Ireland experience. So the EPSR provides an important basis for arguing for increased investment in these areas in the future.

3.5 Just Digital and Green transitions

Ireland, like all other countries, faces a period of dramatic policy change as we adapt to a new digital world and make the transition to an environmentally sustainable future. It is vital that those transitions happen in ways that are fair and inclusive and leave no one behind. Ensuring a just transition is essential. It is thus helpful that the implementation of the EPSR is very much being placed in this context. In its action plan the Commission links the implementation of the EPSR and the green and digital transitions. It stresses that “We need to strengthen social rights and the social dimension across all policies of the Union as enshrined in the Treaties. This will ensure that the transition to climate-neutrality, digitalisation and demographic change are socially fair and just, and making the European Green Deal and the upcoming 2030 Digital Decade successes for all Europeans and to strengthen the European social dimension across all policies of the Union as enshrined in the Treaties. This will ensure that the transition to climate-neutrality, digitalisation and demographic change are socially fair and just, and making the European Green Deal and the upcoming 2030 Digital Decade successes for all Europeans.” Thus the EPSR can be a very useful tool through which to look at Ireland’s policies to achieve the green and

digital transitions to ensure that they are fair and just and are designed in ways to include and protect those in the most vulnerable situations.

4. Conclusion

The EPSR is an important political recognition of the need to build more inclusive and fair societies and to intensify efforts to build a more social and inclusive Europe. It is also a potentially important tool for building back better post the Covid pandemic. However, this will only be the case if there is effective implementation and if a new balance is found between economic and social policies so that they are mutually reinforcing. Governments must be held to account for delivering a more just and inclusive future. The EPSR principles provides an important lever for civil society organisations and policy analysts campaigning to hold them to account both across the EU and here in Ireland.

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6. Implementation of European Pillar of Social Rights.

Séamus Boland

In this short paper, I wish to address the subject of The European Pillar of Social Rights using three perspectives.

- 1.0 Our approach to the financial recession in Europe
- 2.0 Our approach to the Pandemic of Covid-19
- 3.0 The role of Civil society, linked to the Conference of the future of Europe.

I do this as a way of exploring the approach to problem solving demonstrated by the actions of the European Union (EU) and national governments. I also come from the perspective that the EU as a union of European states can only affect change when it has the full permission of the union states and as we are seeing in the EU, states such as Poland, Hungary and others are asserting their rights under the subsidiarity principle to implement their own laws, even though those laws are contrary to many rights based international agreements. In Ireland we also have a record in delaying the implementation of directives through the seeking of derogations as was the case in the special areas of conservation directive. In the last decade, there was a concerted attempt by the EU to eradicate poverty by 2021. While progress was made the actual figures using Eurostat still point to around 118 million people in Europe are categorised as poor; which is almost the same as it was throughout the decade.

As an introduction, it is important to note that The European Pillar of Social Rights is a laudable and important document. It contains many, if not all, of the values and objectives that are well published by organisations such as *Social Justice Ireland*. These values as set out in the pillar seek to advance a historically documented drive to integrate principles of fairness, equality and justice in all parts of our governance. More importantly the pillar sets out a way in which each EU government can devise policy which systematically refer to each chapter contained in the pillar.

In economic terms, it should seriously establish a roadmap that will illustrate initiatives that eradicate poverty. Such initiatives are and should be more than simply increasing social welfare budgets, as if that is the only answer. Instead,

they should be targeted in building a new infrastructure that will tackle deficits in education, in terms of lifelong learning; in health, in terms of equal access as well as lifelong supports. Also it should tackle weaknesses caused by poor mental wellbeing, especially since they relate to the overall quality of our health systems. In employment, the challenges start with the need for a proper living wage structure and the flexibility to adapt to the hugely changing landscapes affected by technology, digitalisation, climate change, age, disability and of course catering for wide range of diversity of people who are now part of the EU.

The action plan marks the following headline statements as attainable.

- At least 78% of the population aged 20 to 64 should be in employment by 2030
- At least 60% of adults should be participating in training every year by 2030
- A reduction of at least 15 million in the number of people at risk of poverty and social exclusion.

Certainly, many of us would cheer loudly if these basic actions would be achieved. However, given the failure to make any significant dent in the poverty numbers in the last decade, it is at least pertinent to question the feasibility of such plans.

When the financial recession struck the world starting in 2008 and becoming progressively worse as we entered the last decade, a number of countries, starting with Ireland were directly affected. Suddenly Ireland were now doing the unthinkable of nationalising the whole of the Irish Banking system. In doing that we assumed the full set of banking losses estimated at the time at €60 billion, with €30 billion lost in the Anglo Irish debacle. Immediately we were characterised as completely insolvent in European terms and found ourselves being governed by the famous troika. The resulting recovery plan was completely based on a series of budgets designed to impose the severest austerity measures in the history of the state. The result transferred millions of euros of debt directly to the household of ordinary people. Thousands of jobs were lost, many for good. Thousands of new house owners found themselves in negative equity and are still dealing with the consequences of that trauma. Wages were frozen and in many sectors they still are, with younger teachers and other low income earners having to take a cut in their starting pay, a legacy which still exists. The building industry, a previous source of massive employment collapsed, with the result that the resultant collapse of training has meant that there is now a serious

shortage of skilled employees necessary for what remains to be an industry under stress. This legacy in terms of homelessness still remains.

Having accepted one of the most stringent set of austerity measures imposed upon us by the troika, we then had to stand aside and watch other EU members accept an easier recovery programme. Portugal, Greece and Spain, while still suffering from this crisis were allowed greater flexibility and although they still are recovering, they at least were not penalised in the same way. It needs to be said, that in Ireland's case, budgets did in large part preserve the various social welfare payments and while this was welcome, the massive cuts in services hit disproportionately people on lower incomes, thus denying them access to necessary services. These cuts affecting people in health, education and many other areas, impoverished people on lower incomes because they did not have alternative means of seeking necessary assistance. The real consequences for people meant that they were forced to go on lengthening waiting lists, thereby putting themselves at serious risk.

It also must be noted that the massive public debt was in effect transferred to individual households. Coupled with a dramatic decline in employment and inability to meet high mortgages, households were forced into greater levels of poverty. Meanwhile, all of the commitments made in EU directives to reduce poverty, increase training and achieve higher outcomes in terms of eradicating poverty were completely left aside. Since then we have congratulated ourselves in the way that we have managed the financial recession; yet have failed to explain why commitments made on inclusion and fairness still remain unmade. The fact remains that when looking at the EU itself there is a clear poverty divide between certain regions such as North /South and East /West. While there has been some improvement in overall incomes, due to the many programmes designed to transfer wealth. It has to be noted that much of the equality and rights dimension is bogged down in the member's assertion of their own laws and the widely respected subsidiarity principle, which governs much of EU directives. This principle as defined in Article 5 means that the EU doesn't take action (except in areas that fall within its exclusive competence), unless it is more effective than the action taken at national, regional or local level. However, in reality it means that unless countries actively sign up to agreements on directives, it is almost impossible to have these directives implemented and sadly when it comes to many progressive rights based directives, many members will seek derogations.

The contrast of policy in terms of Covid-19, could not be greater. Faced with a pandemic, which looked like it could kill millions of people, completely

disrupt the various health systems across the EU and completely undermine the member states economies, the EU acted quickly. With the aid of the European Central Bank, it could now finance the massive tasks of researching, developing and distribution of vaccine, providing guarantees to member states to finance necessary supports for people who had lost jobs, people who were forced to isolate and for vulnerable people. At the same time, protection was arranged to support countries whose economies were seriously damaged as a result of adopting the necessary health measures to combat Covid-19. Even now governments are still dealing with the consequences of the pandemic. They continue to finance the measures in a manner that at least allows families to avoid the kind of poverty traps they fell into as a consequence of the recession. However, all of this has meant that the delivery of the action plan on social rights has halted and despite the fanfare, we continue to live with huge inequalities in our society. While governments put in place a wide range of economic supports, they also froze or change the conditions that underline some basic rights and freedoms. In large part the public accepted these curtailments. However, it is worrying that there is a temptation shown by governments across Europe to maintain some of these curtailments.

As a means of looking at some of the reasons why we are not delivering the action plan of the Pillar of Social Rights, it is necessary to look at the role of the community sector or in European language, the civil society in all of these crises. There is uniform acceptance that in times of crisis, civil society organisations are at the coal face of delivering assistance to families affected. Whether it is supplying basic food supplies, transport, medical supplies, financial advice and advocacy, community based organisations have a long history in adapting in a flexible manner to ensure that no one is left behind. Often they are made up of volunteers or, if they are lucky, are assisted by trained community organisers who ensure that all work is compliant to a range of regulations. For example, many families who had to isolate needed basic supplies in terms of food and medicine. These were often delivered by newly formed meals on wheels' groups or other delivery type groups. In many cases the needs were urgent and yet meeting them required proper discipline with regard to safety and health.

In itself, this means that the delivery of such services needs the assurance of regulation and in turn that has implications in terms of cost and training. Yet many voluntary organisations, some set up to meet an immediate need, needed to respond immediately and in doing that were often the main contacts available to people who were in immediate need of services.

The community and voluntary sector have traditionally been at the forefront of recognising rights violations. Indeed, it would be argued by many that the highlighting of rights violations has been primarily led by the voluntary sector. A cursory look at the chapters, almost 90% of its content originated in the learning of volunteers and activists, who are at the coalface and because of that can contribute enormously to the establishment of solutions.

And yet this sector is usually omitted from the policy making area. Across Europe, there is a well-established mechanism based on the social partnership model. Largely that refers to the structures set up by individual governments and the EU itself. These structures are based on the involvement of two main sectors; the trade unions and the employers.

In Ireland, we added for a brief period the community and voluntary pillar although it should be noted that the involvement was limited, confined to strictly social matters or issues seen by many as emanating on the margins of our society. The reluctance to involve civil society in areas of finance is unfortunate. Their omission weakens their effectiveness and allows the more traditional approach to funding and wealth creation to dominate. Yet this approach to wealth distribution has failed in the financial crisis and been largely abandoned in dealing with the pandemic.

As has been the case, many community and voluntary organisations, *Social Justice Ireland* being a prime example, do put forward solid economic analysis. The tragedy is often that they are only heard when it's too late. If we look at how the pandemic was financed, we find that the dreaded universal payment made to people who were no longer able to continue in their jobs was finally accepted as a principle and implemented. For a brief period, there was a union of the private and public health systems. On a macro scale the necessary economic tools to pay for these supports as well as the research needed to bring vaccines to all of Europe were deployed. In the financial crash, we breathed deeply and accepted the nationalisation of banks. Unfortunately, we did not use the crisis to reform our banking system meaning that we are one of the few countries who have not developed a public banking system. Yet it was a type of public banking system that served us well, i.e. the original Agricultural Credit Corporation and the Industrial corporation. Both of these were instrumental in funding the huge development of agriculture and small industries.

Any examination of these developments will quickly lead to the many policy proposals made mainly by the community and voluntary sector, but rejected on the basis that they did not fit the rigid austerity based economic systems that

we have adopted. The current Conference on the future of Europe is a classic example of excluding the organisations in civil society. The concentration on citizen's panels, while welcome, fails to consider ways and means, which allow civil society organisations to participate in policy formation on a structured basis.

In conclusion, it is necessary to note that despite the action plan's promise that the Pillar of Social Rights will be delivered, the facts still demonstrate that we have in Europe around 20% living below the poverty line. We are struggling with delivering on a range of social rights and thereby leaving behind large minorities who are both economically and socially excluded in our society. Again using Eurostat, in 2016, 39.2% of non EU born population in the EU are assessed to be at risk of poverty or social exclusion, a risk significantly higher than the 22.8% of what's classified as the native population. The consequences leading from that figure leads inevitably to the fact that the exclusion means that the Pillar of Social Rights has a long way to go.

And when you consider the difficulties within the EU concerning member states such as Poland and Hungary, it becomes clear that the Pillar of Social Rights will not be implemented in full.

The European Pillar of Social Rights remains a valuable document. However, it has been bedevilled by world events for example Covid-19, the legacy of the recession, climate change, Brexit and a range of other issues that demand priority. It has also been affected by the growing ultra-right nationalist groups, whose pronouncements on social rights are more likely to exclude than include. It suffers also from the lack of a better targeted and more focused system of accountability. In particular, it could do with a stronger measurement system, both of outcomes and affects. Properly implemented it could bring the EU back to some of the principles that were part of the foundation. To be successful, it needs to be embedded in the wider macro-economic policy deliberation and crucially needs to include in a real way all relevant civil society organisations at the same level as social partnership. For many citizens, particularly people who live on the margins, the European Pillar of Social Rights is their only hope and represents a huge opportunity for the EU and its member states to demonstrate the uniqueness of the European Union.

7. Where do we go from here?

Principles for the 2020s economy.

A playbook¹

Tom McDonnell

The Western European economies are suffering their deepest recessions in decades. Even so there is potential for a strong recovery should the virus be contained and the right policies taken at national and European levels.

Thus far the correct approach has been taken. Wage subsidy and furlough schemes will help preserve productive capacity while income supports will help preserve demand. Governments and central banks have expressed willingness to do whatever it takes to rescue their economies. Looking ahead, governments will need to act as the liquidity and income source of last resort until such time as the economy can fully reopen and then reassume these responsibilities if and when there is a second lockdown.

While the economic context is highly unusual the broad principles of good economic management remain in place. This NERI long-read looks beyond the current crisis to discuss some of the principles that should guide economic policy into the 2020s, whether in the Republic of Ireland, Northern Ireland, or further afield.

Why should we look to economics? One answer is it can help us evaluate the merits of various strategies for sustainably improving living standards and quality-of-life. Remarkably, the standard of material wellbeing for most people living in developed economies today is superior in almost every respect to the living standards of even the wealthiest people just one hundred years ago. A simple consideration of developments in health, nutrition, education, communication, transport and entertainment bears out this claim. Why did this happen and can it be sustained?

¹ This paper first appeared on the website of the Nevin Economic Research Institute (www.nerininstitute.net) on the 28th July 2020 under the title “Where do we go from here? Principles for the 2020s economy. A playbook.” And is reproduced for this conference with thanks to the author and the Nevin Economic Research Institute.

The enormous variation in cross-country living standards reflects long-term differences in economic growth and development. Indeed, one of the fundamental assumptions of mainstream economic analysis is that growth is central to improving living standards. Of course, there are some pretty major caveats to this claim.

Not all forms of growth are desirable

Take an economic system that generates highly unequal growth. Such a system won't necessarily benefit much of society. It will also be inefficient at reducing poverty, will gradually erode social capital and trust, and is likely to prove politically unstable over the long-run.

Other forms of economic growth are also undesirable. Growth that comes from environmentally damaging practices will entail costs for current and future generations. These costs are rarely if ever captured in growth statistics and they may well outweigh the economic benefits. This is particularly so when we factor in long-term consequences.

There are many additional examples of undesirable growth such as using tax cuts to temporarily accelerate growth at a time when the economy is already performing strongly. A notable recent case was the Irish property boom of the mid-2000s which ultimately brought about a damaging economic crash and massive job losses.

So, what should be our primary economic goal? I propose that we should strive for 'sustainable' and 'inclusive' improvements in living standards for everybody. If this is considered reasonable we next must consider the policies that might achieve this goal. What should our playbook look like? Let's break down that playbook into three parts, namely, growth in the economy's productive capacity, closer economic equality and long-run sustainability.

Let us start with the economy's productive capacity and the related concepts of economic growth, potential output, and economic development. Growth in productive capacity can come from a number of different sources.² One such source is the raw accumulation and deployment of inputs such as people, land, materials, infrastructure, machinery, and other capital goods. Demographic and

² https://www.nerinstitute.net/sites/default/files/research/2019/longrun_growth2.pdf

resource limitations mean that this type of ‘extensive’ growth is constrained in the long-run.

Growth can also come from productivity gains. This is known as ‘intensive’ growth and is the only form of growth compatible with environmental sustainability. Productivity gains could arise from new knowledge embodied as technological change and innovation, from scale economies, or simply from more efficient use of resources.

Crucially, productivity-based growth allows us to obtain higher levels of output from the same volume of inputs or the same level of output using less inputs. In other words, productivity-based growth does not rely on an everincreasing use of resources and is potentially unconstrained in the long-run. Paul Krugman makes the point³ that, “Productivity isn’t everything, but in the long-run it is almost everything.”

The only sustainable long-run growth is growth based on the production, diffusion and application of new knowledge and ideas

Ultimately, the determinant of average living standards is output per worker for a given effort – productivity - and an economy can only grow ad infinitum if it is able to generate productivity gains year-on-year.

Learning, new knowledge, and the economic application of that knowledge are the ultimate sources of sustainable growth. “Knowledge...is power” to quote Francis Bacon’s Famous dictum⁴, while Joel Mokyr⁵ describes the generation and application of new knowledge or new ideas as the “wellspring or lever of riches that propels economies forward”.

What do we mean by a new idea? In economics, a new idea is simply a ‘new instruction or set of instructions’ for transforming inputs into outputs, or more evocatively, for transforming nature to better suit human needs.

³ <https://mitpress.mit.edu/books/age-diminished-expectations>

⁴ <https://www.worldcat.org/title/meditationes-sacrae/oclc/766939025?referer=di&ht=edition>

⁵ <https://www.semanticscholar.org/paper/The-Economics-of-Broadband-in-Ireland%3A-Country-and-McDonnell/3ae55f5041715890949cd245f054e0c4af2e15a7>

Economics also has the related concept of innovations. Innovation is a catchall-term for new ideas, or combinations of existing ideas, that manifest as a new product or service, a new production process, a new market, a new source of supply, or even a new organisation.

New knowledge is the key to unlocking economic growth

Unfortunately the economic characteristics of knowledge⁶ mean that the private market will, if left to its own devices, invest less than the socially optimal amount in knowledge generating and knowledge diffusing activities. Why is this?

The private incentive to undertake such activity is lessened by the fundamental uncertainty of production combined with the inability of private knowledge producers to internalise all of the benefits of their research and development (R&D) and other knowledge investments.

This leads to systemic underproduction. It is also a clear rationale for activist innovation policies, while leaving open the question of what precisely those policies should be.

The quality and scale of the resources we put into generating innovation will heavily influence the economy's potential to sustainably grow.

The classic image is of people in white coats working in a lab and developing new types of widget. Yet this is a narrow and misleading way to think about innovation. Innovation does not come about as a linear input-output process. It is not a normal good and we cannot reliably produce it in the same way as other goods.

It is also misleading to think of innovation as being solely about the invention of new cutting-edge technologies. Instead, we should think of innovation as something that happens dynamically in a complex economic system in both low-tech and high-tech ways.

What is an economic system? We can think of it as a multitude of interacting individuals and organisations, each with their own abilities and incentives and operating under their own set of evolving rules and constraints.

⁶ <https://www.semanticscholar.org/paper/The-Economics-of-Broadband-in-Ireland%3A-Country-and-McDonnell/3ae55f5041715890949cd245f054e0c4af2e15a7>

The specific economic system relevant to the production and diffusion of innovation is the innovation system.

An economy's innovative capacity refers to the ability to generate original ideas and to communicate and assimilate existing innovations. This capacity is a function of types and levels of education and skills, of networks, of the cost of accessing knowledge, of R&D policies, and of the quality of capital markets, among other things. All of the above form part of the innovation ecosystem.

Technology diffusion is the driver of most productivity improvements

The economy's innovative capacity is a key driver of its long-run productive capacity. In practice, the driver of most productivity improvements will be the spread or diffusion of technology to a new individual, organisation or context. In this sense, technology diffusion is a much more significant driver of growth than new-to-the-world inventions.

Fundamental to the diffusion process is communication. This means that the linkages and 'knowledge flows' between individuals and organisations are crucial to the innovation process. In turn, this suggests that governments should find ways to support collaboration between economic actors, support dissemination of information, and support the creation and enhancement of knowledge flows within the system.

The government will always be the most significant actor within the innovation system. Most obviously, governments have the power to set the legislative and regulatory rules of the game. Governments can also provide fiscal and other incentives for markets and other actors to engage in innovation activities.

In this way, governments can counteract the structural market failures leading to the slow diffusion and underproduction of knowledge and innovation. Governments themselves provide much of the inputs to innovation in the form of spending on science and education, on R&D, and on knowledge infrastructure.

There are a number of policy levers we can use to enhance the economy's innovative and productive capacity. One way is to invest in education and in upskilling or re-skilling (human capital). A second way is to invest in machinery, equipment and infrastructure (physical capital), while a third option is to invest in the production and diffusion of new ideas, for example through public R&D.

Human capital development, which is a life-long process, not only enhances labour productivity but is also a necessary input for and complement to innovation and technology adoption. Spending on education generates positive externalities to the extent that it represents genuine investment in human capital.

Strong education systems are empirically associated with increases in the long-run rate of per capita growth. The OECD contends⁷ that half of the growth achieved by OECD countries in the second half of the 20th century was driven by progress in education.

Strong education systems are associated with faster long-run growth

Other research⁸ finds that skill levels for the population as a whole, as well as for the top of the achievement distribution, exert positive and independent effects on growth. Thus, while it is important to have large numbers of scientists and engineers, it is also important to have a well-educated population in aggregate.

In addition, population-wide improvements in human capital enable more inclusive growth and less economy-wide inequality. Crucially, the earlier the investment in human capital the larger the returns.⁹

The early years are the most important for development, and external factors, like poverty, can have extremely damaging and lasting effects on human capital. Increasing the skills and learning ability of disadvantaged children may provide the largest potential dividend to society, both in terms of economic growth and lower inequality.

Increasing the skills and learning ability of disadvantaged children may provide the largest potential dividend to society

It is a concern therefore that on a per pupil basis both the Republic of Ireland and Northern Ireland substantially under-invest in education relative to other high-income European countries. The under-spend in the Republic is particularly

⁷ https://www.oecd-ilibrary.org/education/human-capital-investment_9789264162891-en

⁸ <https://openknowledge.worldbank.org/bitstream/handle/10986/7154/wps4122.txt?sequence=2>

⁹ <https://www.nber.org/papers/w7288>

pronounced at primary and especially tertiary level (higher education), whereas in Northern Ireland the under-spend is most pronounced at primary and especially secondary level.

Any budgetary savings are likely to be a false economy in the long-run. The NERI estimates¹⁰ that increasing per pupil spending to the average of high income Western Europe would cost in the order of €3 billion in real terms in the Republic, and €16 billion on a UK-wide basis.

It is also a concern that both countries chronically and significantly underspend on public R&D. NERI estimates show that the UK had the lowest per capita public R&D spend of any high-income Western European country in 2017 and then again in 2018. The Republic of Ireland was second lowest in both years.

The relative spending gaps were €12.8 billion and €900 billion respectively in 2018. Such under-spends can only hinder the development of a stronger innovative capacity and is another false economy.

Productivity gains also stem from investments in physical capital such as machinery, equipment and infrastructure. Machinery and equipment represent embodied knowledge that either improves the efficiency of transforming inputs into outputs or enables the production of new types of outputs.

Efficient investment in infrastructure is strongly related to long-run increases in the economy's productive capacity. A meta-analysis of 68 studies¹¹ concluded that public capital investment has positive long-run effects on output while the IMF¹² point to short term increases in output from demand effects and long term increases arising from supply effects.

The net benefits to investment are particularly high during recessions

The net benefits to such investment are particularly high during recessions, where the cost of borrowing is low, and where central bank interest rates are close to zero. All of these factors are in place for both of the economies on the

¹⁰ <https://www.nerinstitute.net/sites/default/files/research/2020/Tax%20and%20Spend%20WP%20no.67%20FINAL.pdf>

¹¹ <https://onlinelibrary.wiley.com/doi/abs/10.1111/joes.12037?identityKey=ed4e6b0d-55b8-441f-961a-72ba8b6e74a3®ionCode=IE&isReportingDone=true&wot1URL=%2Fdoi%2F10.1111%2Fjoes.12037%2Fabstract>

¹² <https://www.imf.org/external/pubs/ft/wp/2015/wp1595.pdf>

island of Ireland. This points to a fairly compelling case for an investment based stimulus to rebuild the economy in the wake of the Covid-19 induced recession.

Certain types of investment contribute to knowledge-based growth and innovative capacity and are therefore particularly beneficial in the long-run. Examples include school buildings, broadband infrastructure and research institutions such as universities.

Private investment is also crucial to long-run growth. Tax expenditures or tax breaks that incentivise R&D or environmental protection can potentially reduce private market underinvestment in those areas. However, in most cases it is generally unwise to fuel the market via tax breaks as this will lead to a misallocation of capital. Investment decisions can become predicated on tax considerations rather than underlying economic considerations.

The resulting market distortion will damage growth in the long-run. The Republic's 2008 housing bubble and subsequent crash starkly illustrates the potential risk. Overall, most interventions in the form of tax breaks will lead to inefficiency and deadweight losses.

Governments should instead ensure that potential investors have adequate access to finance at a reasonable cost via well-functioning and competitive capital markets and that barriers to investment are low. Where capital markets are not well-functioning there will be a strong case for a state investment bank to provide patient long-term finance to support innovative effort and technology diffusion.

Changes in productivity arise not just from changes in technology but also from changes in policies and institutions. Changing the rules of the economic game can promote innovation.

For example, a lack of competition will lead to inefficiencies in the absence of robust regulatory measures. In addition to regulation, policies that can reduce barriers to firm exit and entry, or that break-up monopolies, can improve productivity performance.

Independent regulation is particularly important in the case of natural monopolies, but also in the case of professional bodies to ensure there are no non-essential barriers to entry or inflated costs. Tax reform is another lever available to governments. For example, inheritance tax exemptions for business assets may prolong the existence of poorly managed family-owned firms.

Childcare costs are a major barrier to employment, especially for second earners and lone parents

Finally, increasing output is not just about labour productivity. Output also depends on employment levels and on the average number of hours worked. Sustainable increases in the employment rate will shift output upwards.

For example, the policies pursued during the Covid-19 lockdown to protect jobs in viable firms represent potentially good value despite the risk of deadweight. This is because it is much easier to protect jobs than it is to create them in the first place.

Similarly, countercyclical fiscal policies help preserve existing skills and prevent deterioration in the quality of human capital and the wasteful idleness of depreciating physical capital.

One way to structurally increase total hours worked is to remove barriers to labour market entry. The cost of childcare is a particularly significant barrier as Ireland and the UK have amongst the highest childcare costs¹³ in the world relative to average wages. These costs are a major barrier to labour force entry especially for second earners and lone parents.

The high cost of childcare disproportionately acts as a barrier to female participation in the workforce. Accessible and affordable childcare would increase the effective size and quality of the available workforce while retaining human capital within the workforce.

Lower levels of economic inequality are associated with a range of quality of life and well-being benefits across the economy and society. These benefits range from improved social cohesion, life expectancy and happiness, to lower levels of crime and stress.

The IMF¹⁴ also note that excessive inequality can lead to slower and more fragile growth.¹⁵ Closer economic equality can be achieved through a number of different channels.

¹³ <https://stats.oecd.org/Index.aspx?DataSetCode=NCC>

¹⁴ <https://www.imf.org/en/publications/fm/issues/2017/10/05/fiscal-monitor-october-2017>

¹⁵ <https://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf>

Lower inequality is associated with a range of quality of life and well-being benefits

Firstly, policies to increase the labour share of GDP will generally improve distributional equity. This is because wealth tends to be more unequally distributed in the population than income. Thomas Piketty¹⁶ estimates 25% of total wealth in France, 30% of total wealth in the UK and 32% of wealth in the US were held by just 1% of the population in 2012.

The high concentration of net wealth means that capital income disproportionately accrues to a small percentage of the population. This means that increasing the labour share of income at the expense of capital will generate a more even distribution of income across the population. Wage floors and measures to strengthen the bargaining power of labour are two ways to influence the labour share to the benefit of workers.

Research from the IMF¹⁷ finds that less prevalent trade unions and collective bargaining are associated with higher market inequality, while Joe Dromey¹⁸ used OECD data to show that higher levels of collective bargaining are associated with lower inequality for OECD member states.

As it happens, the decline in trade union density and a hostile policy environment in most OECD countries since the 1970s has shifted power from labour to capital and lead to falling labour shares. The larger declines in the labour share have tended to occur in those countries with higher falls in union density and collective bargaining coverage. The decline in union density in the UK¹⁹ is estimated to be responsible for a 4.4 percentage point decline in the labour share.

The policy implication is that measures to strengthen collective bargaining coverage should reduce market inequality over time.

¹⁶ <https://www.bookdepository.com/Capital-Twenty-First-Century-Thomas-Piketty/9780674430006>

¹⁷ <https://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf>

¹⁸ <https://www.ippr.org/publications/power-to-the-people>

¹⁹ https://gala.gre.ac.uk/id/eprint/14102/1/PB052015_Onaran_et_al.pdf

Strengthening collective bargaining coverage would help reduce market inequality over time

Secondly, we can use fiscal policy to ameliorate inequality while minimising potential trade-offs between efficiency and equity. For example, taxes on property, wealth and passive income are generally progressive, in the sense that the tax falls on wealthier households, as well as being growth friendly relative to higher public spending or other forms of taxation.

In addition, we can increase the tax-take from higher income households in a way that is growth friendly by minimising the use of tax expenditures. While an individual tax may have a negative impact on growth when considered in a vacuum, it is important to assess these economic costs against the economic benefits arising from the revenue generated.

For example, the long-run economic value of increased spending on education or infrastructure may well outweigh the economic cost of a tax increase. Huge shifts in tax rates in the US since 1870 have been accompanied by no observable shift²⁰ in growth rates but do appear to impact on inequality.

Finally, we can also reduce the severity of market inequalities via social transfers or via measures to de-commodify essential goods and services through the provision of universal basic services²¹ or UBS.

Universal basic services entail the provision of free or extremely low-cost public services available to all on the basis of need and sufficiency and funded by taxation. Essential needs include health, education, housing, transport, childcare and adult social care.

Universal service provision amounts to a virtual income or ‘social wage’ and is preferable to cash transfers in many instances. Anna Coote and Andrew Percy²² show that UBS offers benefits that range across four dimensions: greater equality, efficiency of outputs, solidarity and environmental sustainability.

Economic growth is of mere temporary value if it is unsustainable. Sustainable in this sense can mean a number of different things.

²⁰ <https://ecommons.cornell.edu/handle/1813/79450>

²¹ <https://universalbasicservices.org/>

²² <https://www.wiley.com/en-gb/The+Case+for+Universal+Basic+Services-p-9781509539840>

Pro-cyclical fiscal policy is the classic example of misguided and unsustainable growth policy. For example, using tax policy to temporarily accelerate growth at a time when the economy is growing, or to privilege certain groups, will merely amplify the economic cycle, distort economic activity and weaken the economy in the long-run.

In addition, the current environmentally damaging economic model is unsustainable on a finite and fragile planet. Future industrial strategy and growth policy will need to focus on the just transition to a decarbonised economy.

Growth is of mere temporary value if it is unsustainable

In particular, my NERI colleagues²³ have highlighted the need for investment in clean and renewable energy production, in retrofitting buildings, and in public transport. In addition, investment in high-speed broadband would facilitate carbon reductions through home working and could help preserve regional jobs.

Yet a new growth model may be politically unsustainable if it leaves behind certain groups and regions. For example, the move to an ecologically sustainable economy will require a just transition for the workers and communities most affected. Entire sectors ranging from agriculture to transport will be affected by this transition and if these regions and households are not compensated for their losses then there is a risk that the reforms will be rolled back.

Finally, growth based on persistent large gaps between public spending and revenue raising is financially unsustainable over the longer-term. The NERI have consistently pointed out that the Republic of Ireland and the UK are relatively low revenue and low spending states in relation to comparable Western European countries. The low levels of revenue raising act as constraints on public spending.

Meeting our social and economic goals will require reforms to the revenue base and in particular reforms to the social insurance system in both jurisdictions. Increasing employer social insurance contributions to the Western European average would indirectly enable us to address spending gaps in key areas for long-run sustainability such as education, R&D, childcare, and capital investment.

²³ <https://www.nerinstitute.net/sites/default/files/research/2020/Investing%20in%20a%20Just%20Transition..pdf>

Meeting our social and economic goals will require reforms to the revenue base

As we move past the support and stimulus stages of the response to Covid-19 we will have to make difficult choices about what to prioritise. My view is that economic policy should focus on the triple bottom line of growth, equity and sustainability.

In terms of fiscal policy, and in order to support sustainable growth, the emphasis post 2021 should be on green infrastructure, on significant increases to public R&D and education spending, on public transport, and on expansion of subsidised childcare.

Increased funding for universal basic services, especially housing and healthcare, alongside sufficient levels of social transfers will help ensure that the economic recovery and future development is more inclusive. This applies to both to the Republic of Ireland and to the UK.

On the other hand, there is little merit in further narrowing the revenue basis over the medium-term. Rather, there is a strong case for increasing revenue from taxes on wealth, on property, on passive income and on employer social insurance. Sustainable and inclusive development will only happen if we make the right choices.

8. Delivering Social Rights for Ireland

Colette Bennett, Seán Healy, Michelle Murphy and Susanne Rogers

This year's conference has examined the European Pillar of Social Rights and how it might be used to shape a more just society. Following the crash of 2008, we saw the damage that ignoring these rights can do to societies, the environment and even the economies that austerity policies were intended to protect. But it was the poorest and most vulnerable who paid the highest price.

Covid-19 has presented another defining challenge, and demands a different approach to that adopted when addressing the mistakes made in the past. The Europe 2020 target set in 2010, of taking 20 million people out of **risk of poverty or social exclusion**, is likely to be missed by a very wide margin. In 2019, Europe had only reduced the number by about 8.5 million people.¹ Ireland's contribution to that amount had been just 40,000 (Table 1).

¹ Eurostat gives -8.5m as the cumulative difference to 2008 for EU27. However, it gives -8.8m as the cumulative difference to 2008 for EU28 (Eurostat Online database: [ilc_peps01]) This is likely to be because Croatia joined EU in 2013 and thus EU28 data is only available starting from 2010 (when the level was 117.9m, EU28) (European Commission, Europe 2020 Targets, pdf).

Table 1: EU-28 and Ireland, Key Poverty Indicators, 2008 and 2019

Poverty Indicators								
	People at risk of poverty or social exclusion		People at risk of poverty (60% threshold)		People experiencing Severe Material Deprivation		People in households with very low work intensity	
	Number	%	Number	%	Number	%	Number	%
EU-28 Total population								
2008**	116m	23.7	80.9m	16.6	41.5m	8.5	34.6m	9.2
2019	107.5m	21.4	84.5m	16.8	27.5m	5.5	31.3m	8.5
Ireland Total population								
2008	1.05m	23.7	686,000	15.5	245,000	5.5	509,000	13.7
2019	1.01m	20.6	645,000	13.3	267,000	5.4	534,000	13.6
EU-28 Children (under 18)								
2008**	25m	26.5	19.2m	20.4	9.3m	9.8	7.3m	7.8
2019	22.2m	23.4	18.7m	19.4	5.7m	6.0	6.6m	7.0
Ireland Children (under 18)								
2008	309,000	26.6	209,000	18.0	78,000	6.8	174,000	15.1
2019	290,000	23.2	176,000	14.1	86,000	6.9	185,000	14.8
EU-28 Older people (over 65s)								
2008**	19.2m	23.3	15.6m	18.9	6.1m	7.5	n/a	n/a
2019	18.3m	18.6	15.6m	15.9	4.6m	4.7		
Ireland Older people (over 65s)								
2008	109,000	22.5	102,000	21.1	11,000	2.2	n/a	n/a
2019	136,000	19.4	127,000	18.1	14,000	1.9		

Source: Eurostat Online Databases: t2020_50, t2020_51, t2020_52, t2020_53, ilc_hvl11, ilc_li02, ilc_mddd11, ilc_peps01

** Rates for 2008 relate to EU-27 countries, not EU-28, as this was prior to the accession of Croatia

The risk of poverty or social exclusion affected over 116 million people in Europe in 2008, a figure that rose in subsequent years but has improved each year since 2012. However, the average rate stood at 21.4 per cent in 2019 (EU-

28) representing more than one in 5 Europeans or over 107 million people.² This indicates how far away from a reduction of 20 million people affected Europe is. In Ireland, number of people affected in 2008 was 1.05 million, 23.7 per cent of the population, reducing to 1.01 million in 2019. This still equates to one in every five people in Ireland at risk of poverty or social exclusion, and these figures are pre-Covid.

Thus, despite recent improvements, there is reason for concern about a range of issues and the length of time that high levels of poverty or social exclusion have persisted is unacceptable in human and societal terms. There are also indicators that depth of hardship for those affected has increased slightly (between 2008 and 2019). Groups facing a higher risk of poverty and social exclusion include single households, migrants and people with lower education as well as their children.

While Ireland has one of the lower rates of poverty in the European Union, at 13.3 per cent in 2019³, this still equates to 645,000 people, almost one third of which are children, living below the poverty line. In a relatively wealthy country such as Ireland, this cannot be accepted.

Although the number of people in poverty is much the same as a decade ago, it rose dramatically in the period immediately post-2008 and, from 2016 onwards, has been one of notable decline in the level of poverty risk. Our analysis of the income distribution effects of recent Budgets, looking at the entire period from 2017 to 2021, indicates that budgetary policy resulted in all household types recording an increase in their disposable income. The larger gains experienced by welfare dependent households explain much of the reasons why the levels of poverty and income inequality have fallen during these years. We obviously warmly welcome this progress. It reflects a dividend from budget policy over the period which, for the most part, distributed resources more generously to welfare dependent households. Our consistent message in advance of these Budgets was to reverse the regressivity of previous policy choices and to prioritise those households with the least resources and the most needs.

However, the analysis also reveals that Budgets 2020 and 2021 shifted away from this approach, risking a reversal of much of the recent progress. Following the publication of Budget 2022 in October, we welcomed the €5.00 increase in core

² Eurostat online database code t2020_50

³ For the purpose of this paper, the Eurostat data is used. The data published by the CSO varies slightly, with an at risk of poverty rate of 12.8 per cent.

social welfare rates, but were disappointed to note that this was insufficient as a real step towards benchmarking social welfare against average earnings. In fact, the real value of core social welfare rates is set to fall in the coming year as inflation is predicted to pass 5 per cent in the period ahead. To maintain the real value of core welfare rates as they were prior to the Budget would have required an increase of €10, only half of which was allocated.

Social Justice Ireland had proposed an annual €10.00 increase over two years to meet this benchmark as a stepping stone towards the Minimum Essential Standard of Living.⁴ Failure by Government to adopt this proposal means that the standard of living of many people who depend on social welfare will fall further behind the rest of society.

Of course, households dependent on social welfare are not the only ones experiencing poverty. According to the latest CSO data, 5 per cent of the those who are employed are living at risk of poverty, approximately 100,000 workers. Over time poverty figures for the working poor have shown little movement (Table 2), reflecting a persistent problem with low earnings.

Table 2: Incidence of Persons Below 60% of Median Income by Principal Economic Status, 2003-2019

	2003	2006	2009	2012	2015	2019
At work	16.0	16.1	14.3	12.2	13.7	15.4
Unemployed	7.6	8.3	12.9	19.2	14.2	10.9
Students/school	8.6	15.0	14.6	14.2	15.4	10.6
On home duties	22.5	18.4	18.0	15.5	14.8	13.4
Retired	9.0	5.8	4.7	5.9	7.3	9.9
Ill/disabled	9.1	8.0	6.4	7.3	8.4	12.3
Children (under 16 years)	25.3	26.6	27.6	23.8	24.3	26.1
Others	1.9	1.8	1.5	1.9	1.9	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Collins (2006:141), CSO SILC Reports (various years).

⁴ www.budgeting.ie

Many working families on low earnings struggle to achieve a basic standard of living. Policies which protect the value of the minimum wage and reduce the prevalence of precarious employment practices are relevant policy initiatives in this area. Similarly, attempts to highlight the concept of a ‘Living Wage’⁵ and to increase awareness among low income working families of their entitlement to the Working Family Payment (formerly known as FIS, Family Income Supplement) are also welcome; although evidence suggests that the Working Family Payment had a very low take-up and as such this approach has questionable long-term potential.

With Budget 2022, Government chose to leave those on low incomes behind. As a result of Government’s failure to focus on low to middle income households with jobs, a couple with one earner at €30,000 received an additional €0.39 between them. Even more devastating is the outcome for a household of four, two adults and two children, one income at €30,000 who also have benefited by just €0.39 over the current Government’s two Budgets.

Social Justice Ireland recognises that poverty is never *just* about income, but it is always about income. Ireland currently has no clear, comprehensive strategy to tackle poverty, social exclusion and vulnerability. While Government can itemise which individual national roads are to be built or upgraded, it has not even tried to outline a real and effective pathway towards reducing poverty and social exclusion. Its actions clearly show Government has failed, to date, to commit to leaving nobody behind, a key concept of the 2030 Strategy.

Employment

While improving up to the onset of the pandemic in spring 2020, the employment rate across Europe has not increased at the anticipated pace and has not attained the Europe 2020 strategy target of 75 per cent of the total labour force. There are significant variations in the employment rates in different countries. Countries, especially in central and northern Europe, have exceeded the Europe 2020 strategy target, while other countries, especially in the south and periphery, are very far away from achieving it.

In Ireland, the Covid-19 pandemic has brought enormous uncertainty to the Irish labour market and consequently to many families throughout the country. The pandemic’s labour market impact has been uneven, in particular when judged across age groups, genders, and sectors of employment. Furthermore,

⁵ www.livingwage.ie

the uncertainty remains and many of the challenges will only truly reveal themselves as the pandemic’s disruption recedes.

Table 3 attempts to identify some of the labour market consequences of the pandemic by comparing CSO data from the final three months of 2020 to those for the same period in 2019. The table also includes the CSO’s Covid-19 adjusted employment and unemployment estimates for December 2020; these represent the lower bound for the true employment indicator and the upper bound for the true unemployment figure. Both estimates assume that most individuals in receipt of the short-term Covid-19 Pandemic Unemployment Payment (PUP) would be unemployed if the payment did not exist. The figures reveal the hidden reality of the pandemic’s labour market impact with pronounced decreases in employment and increases in unemployment. These are in addition to the existing challenges of unemployment (almost 140,000 people), underemployment (over 100,000 workers), a declining participation rate and static levels of long-term unemployment.

Table 3: Ireland’s Labour Force Data and Covid-19 Impact, 2019–2020

	2019	2020	Dec 2020 - Covid	Covid - impact
Labour Force	2,471,700	2,445,100		
LFPR %	62.7	61.3		
Employment %	70.2	67.8	57.5	- 10
Employment	2,361,200	2,306,200	1,970,609	- 335,591
<i>Full-time</i>	1,868,300	1,871,200		
<i>Part-time</i>	492,900	434,900		
<i>Underemployed</i>	108,400	101,400		
Unemployed %	4.5	5.7	19.4	+ 14
Unemployed	110,600	138,900	468,655	+ 329,755
LT Unemployed %	1.6	1.5		
LT Unemployed	38,700	36,800		
Potential Additional LF	98,700	162,500		

Source: CSO, *LFS Quarter 4 2020 and associated releases* (CSO, 2021)

Notes: Data is for Quarter 4 2019, 2020 and the Covid impact estimates for December 2020.

LFPR = ILO labour force participation rate and measures the percentage of the adult population who are in the labour market.

Employment % is for those aged 15-64 years.

Underemployment measures part-time workers who indicate that they wish to work additional hours which are not currently available.

LT = Long Term (12 months or more). LF = Labour Force.

An insight into the sectoral impact of these labour market changes is provided by an assessment of the change in the total number of hours worked in Ireland between late 2019 and 2020 (Table 4). Overall, there were 6.6 million less hours of work completed; either through job losses, declines in economic activity, Covid-19 related closures or reduced work hours and opportunities. However, the distribution of these reductions varies dramatically across economic sectors. Some areas saw small increases, or small declines and these contrast with dramatic reductions for sectors such as accommodation and food services (-53 per cent), cultural and recreational (-36 per cent), administrative services (-34 per cent), transport (-13 per cent), construction (-13 per cent) and retail (-5 per cent). The largest impacted sectors are frequently identified as having a larger number of female workers and low paid workers.

Table 4: Change in Total Hours Worked, Q4 2019- Q4 2020

	2019	2020	Change	% Change
All Employment	77.4m	70.8m	-6.6m	-8.5%
<i>By economic sector:</i>				
Accommodation and food service	5.1m	2.4m	-2.7m	-52.9%
Other activities (cultural and recreational)	3.3m	2.1m	-1.2m	-36.4%
Administrative and support services	3.5m	2.3m	-1.2m	-34.3%
Transportation and storage	3.7m	3.2m	-0.5m	-13.5%
Construction	5.5m	4.8m	-0.7m	-12.7%
Wholesale and retail	9.5m	9.0m	-0.5m	-5.3%
Human health and social work	8.9m	8.5m	-0.4m	-4.5%
Education	5.1m	5.0m	-0.1m	-2.0%
Financial, insurance and real estate	4.1m	4.1m	0.0m	0.0%
Professional, scientific and technical	4.9m	4.9m	0.0m	0.0%
Information and communication	4.7m	4.8m	0.1m	+2.1%
Agriculture, forestry and fishing	4.6m	4.7m	0.1m	+2.2%
Public administration and defence	4.0m	4.1m	0.1m	+2.5%
Industry	10.3m	10.7m	0.4m	+3.9%

Source: CSO Labour Market Insight Bulletin, Series 5 Q4 2020 – Feb 2021

Notes: Data is for the final three months of 2019 and 2020

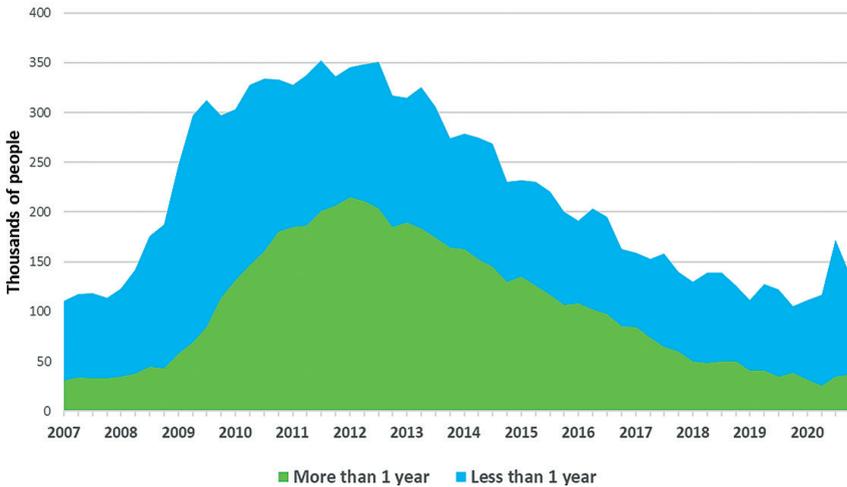
One of the major labour market concerns for the next few years is that many of these lost hours, or workers on temporary Government support payments, will be unable to return to work or will only be able to return to working less hours than they wish to have. As a result, the challenges of unemployment and underemployment look set to grow bigger. It is telling that income tax

receipts decreased by just 1 per cent in the year to January 2021, indicating it was the lowest income earners who were most impacted by pandemic-related employment and wage losses.

Alongside these emerging challenges, it is important not to overlook the pre-pandemic labour market issues that remain, although they are somewhat hidden by the severity of the short-term labour market impacts. Long-term unemployment remains a major labour market challenge. The number of long-term unemployed was 33,300 in 2007 and increased to exceed 200,000 by 2012 before falling again to almost 37,000 in 2020 (see Table 3).

For the first time on record, in late 2010 the Labour Force Survey (LFS) data indicated that long-term unemployment accounted for more than 50 per cent of the unemployed. It took from then until late 2017 for this number to consistently drop below that threshold, reaching 26.5 per cent of the unemployed in the fourth quarter of 2020. As Chart 1 shows, the transition to these high levels was rapid and it is of concern that we might once again experience such a change. The experience of the 1980s showed the dangers and long-lasting implications of an unemployment crisis characterised by high long-term unemployment rates. It remains a policy challenge that Ireland's level of long-term unemployment remains high and that it is a policy area which receives limited attention.

Chart 1: Long-Term Unemployment in Ireland, 2007-2020



Source: CSO, LFS on-line database

Note: Long term unemployment is defined as those unemployed for more than one year

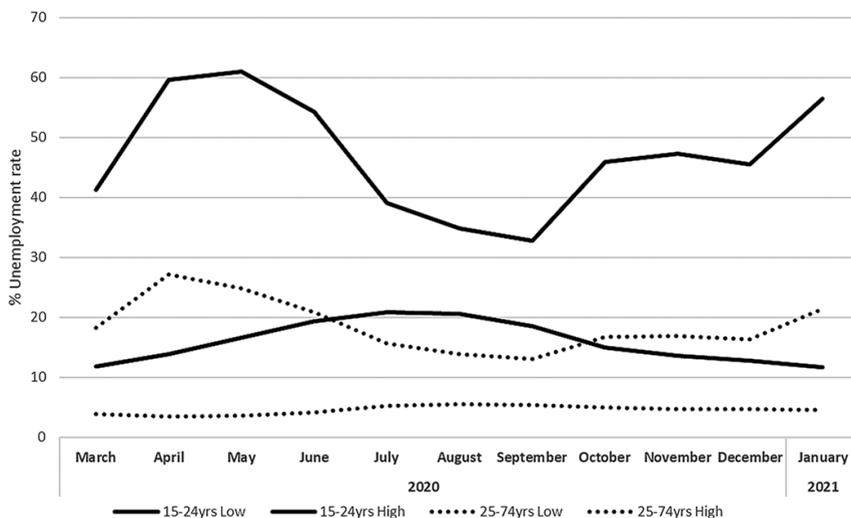
Addressing a crisis such as this is a major challenge and we outline our suggestions for targeted policy action later. However, reskilling many of the unemployed, in particular those with low education levels, will be a key component of the response. Using data for the third quarter of 2019, 48 per cent of the unemployed had no more than second level education with 20 per cent not having completed more than lower secondary (equivalent to the Junior Certificate). Post-pandemic, as employment recovers and as unemployment declines, *Social Justice Ireland* believes that major emphasis should be placed on those who are trapped in long term unemployment – particularly those with the lowest education levels.

Youth Unemployment

The impact of the pandemic has also differed by age group. Chart 2 reports the CSO's unemployment estimates from March 2020 to January 2021 for those aged 15-24 years (youth unemployment) and those aged above this. They provide two estimates of unemployment, a low estimate which reflects the normal measure of individuals without work and seeking work and a high estimate which add to this all of those in receipt of the PUP. If all claimants of the PUP were classified as unemployed, the CSO's Covid-19 adjusted unemployment measure indicates an

overall rate of 25 per cent in January 2021; 25.9 per cent for males and 24.1 per cent for females. Breaking these results down by broad age group, the estimate is 56.4 per cent for those aged 15 to 24 years and 21.4 per cent for those aged over 25 years. The data suggest the existence, and expected future growth, of a severe youth unemployment problem. Addressing this challenge will frame a core part of the policy response to the crisis in the period ahead.

Chart 2: Estimated Unemployment Rates during Covid-19, 2020-2021



Source: CSO on-line database, Monthly Unemployment estimates

Note: The low estimate is the traditional LFS unemployment figure, the high estimate includes all those in receipt of the PUP.

Underemployment and Precarious Employment

The figures in Table 3 also point towards the growth of various forms of part-time and precarious employment over recent years. While the number of people employed is higher now than in most years since 2007 among these jobs, part-time employment has become a more frequent occurrence and now represents almost one in five jobs. Within those part-time employed it is worth focusing on those who are underemployed, that is working part-time but at less hours than they are willing to work. By the fourth quarter of 2020 the numbers

underemployed stood at 101,400 people, 4.4 per cent of the total Labour Force and about one-quarter of all part-time employees.

Judged over time, the CSO labour force data suggest the emergence of a greater number of workers in precarious employment situations. The growth in the number of individuals with less work hours than ideal, as well as those with persistent uncertainties concerning the number and times of hours required for work, is a major labour market challenge and one which may grow in the period ahead. Aside from the impact this has on the well-being of individuals and their families, it also impacts on their financial situation and adds to the working-poor challenges we outlined earlier. There are also impacts on the state, given that the Working Family Payment (formerly known as Family Income Supplement (FIS)) and the structure of jobseeker payments tend to lead to Government subsidising these families' incomes, and indirectly subsidising some employers who create persistent precarious employment patterns for their workers.

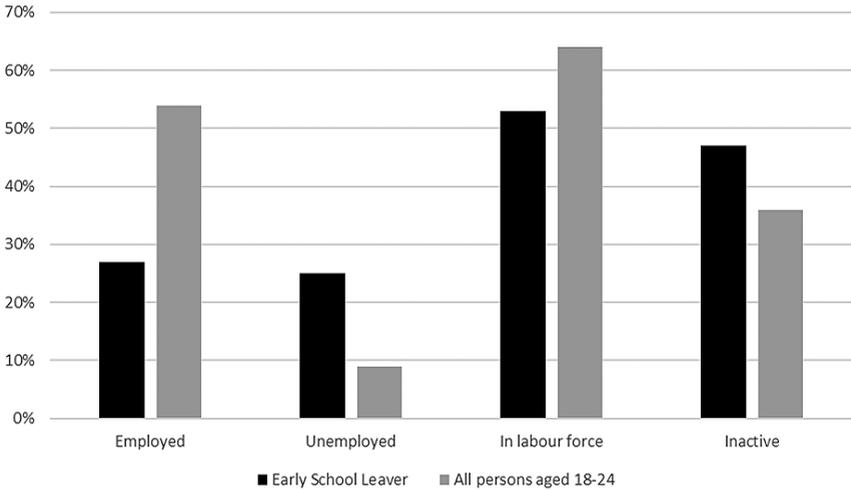
Education

It is welcome that progress has been made towards reaching targets set in the European 2020 Strategy to address early school leaving and to improve third level educational attainment. However, progress has stalled on some educational indicators, there is scope for improvement in many countries, and progress also needs to be made on other indicators.

Early School Leaving

Ireland has the fourth lowest early school leaving rate in the European Union at five per cent and Ireland ranked second in the European Union for the percentage of people aged 20-24 with at least upper-second level education at 94 per cent (CSO, 2019). This downward trend of early school leaving is a welcome development and Ireland has surpassed the national target set under the Europe 2020 Strategy.

Chart 3: Labour Market Status for Early School Leavers and total population 18-24 year olds, Q2 2019



Source: (CSO, 2019).

According to the CSO (see Chart 3) an early school leaver is three times as likely to be unemployed than the general population aged 18-24. Only one in four of them are in employment compared to the general population for that age group and just under half (47 per cent) are not economically active. A further report by the CSO (2019b) analysed the outcomes for students who started second level education in 2011 – 2013. When comparing early school leavers to those who completed the Leaving Certificate, the report found that just 43.8 per cent of early school leavers were in employment compared to 74 per cent of their peers who finished school, and that the median earnings for early school leavers were €65 less than their peers (€345 per week compared to €410 per week).

Despite the progress made on early school leaving, these figures are a cause of concern. The poor labour market status of early school leavers as outlined in Chart 3 points to the need for a continued focus on this cohort and on addressing educational disadvantage. As we move towards a future where digital transformation will disrupt the labour market, having the greatest impact on

people with lower levels of education and skills (OECD, 2019), it is important that this cohort are not left behind.

Higher Education

Full-time enrolment in higher education has increased by almost 33 per cent in the last decade to 186,890 students (DES, 2018) and numbers are projected to reach 222,514 by 2030. An increasing population of school-leavers demands that considerable investment is required to ensure that the higher education sector in Ireland can continue to cope. However public funding for higher education in Ireland has been decreasing since 2009 despite steadily increasing enrolments both full- and part-time. The Parliamentary Budget Office, in a recent report on tertiary Education Funding in Ireland (PBO, 2019), estimates that funding per undergraduate student (full-time, part-time, remote and FETAC) enrolled in 2019 was 50 per cent lower than in 2008. The report presents a clear and detailed outline of the challenges facing the sector. The report recommends that any increases in State funding are accompanied by the recommended administrative reforms. Crucially it recommends that funding be sourced from sustainable revenues to prevent a repetition of the cuts to funding seen during the last economic and fiscal crisis.

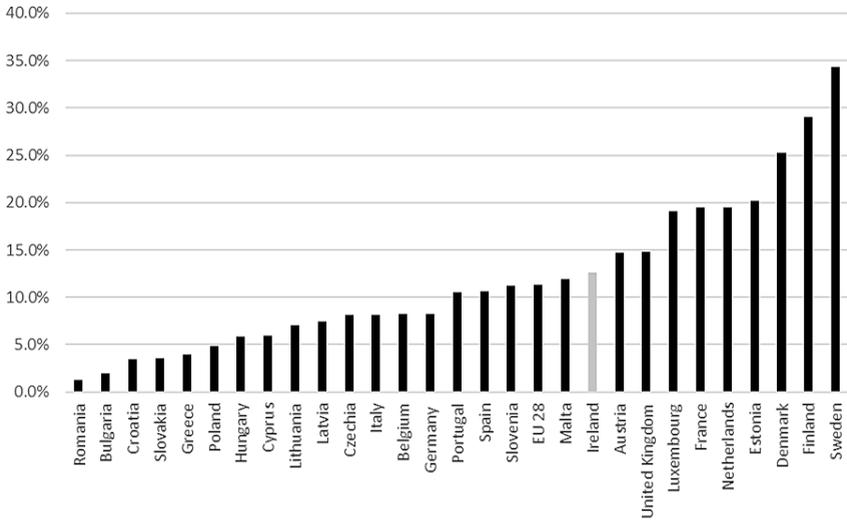
Lifelong Learning

Lifelong learning has an important contribution to make to people's wellbeing, to creating a more inclusive society and to supporting a vibrant and sustainable economy. Lifelong learning and community education also bring major social and health benefits to participants outside the labour force and this non-vocational element must also be resourced.⁶

Ireland's lifelong learning participation rate is slowly improving, rising to 13 per cent in 2019 (see Chart 4). Our national target is to reach 15 per cent by 2025 as set out in the National Skills Strategy. As progress is being made, Government should consider revising this target to reach 15 per cent by 2021 and to reach 20 per cent by 2026. This would bring us in line with the European Union which has a lifelong learning target of 15 per cent by 2020.

⁶ <http://www.aontas.com/pubsandlinks/publications/community-education-more-than-just-a-course-2010/>

Chart 4: EU-28 Lifelong Learning Participation Rates, 2019



Source: Eurostat (2021).

Access to lifelong learning should be an integral part of the education system to address the income and labour market challenges that some members of society face. It also must be accessible and flexible to address the challenges which were identified in the Adult Skills Survey, those of unmet demand and being difficult to access.⁷

Those engaged in lifelong learning are more likely to be professionals than low-skilled operatives and employed in public administration, professional services and finance, sectors that are more likely to provide in-house training, continuous professional development and have policies for subsidising education, than the retail or construction sectors. Employers must be encouraged and incentivised to participate in the development of any lifelong learning strategies. This supports the development of the employee and contributes to the retention rate and effectiveness of the business, which in turn reduces the costs associated with hiring and developing new staff.

⁷ <https://www.cso.ie/en/releasesandpublications/er/aes/adulteducationsurvey2017/>

Various agencies (European Commission, Expert Group on Future Skills Needs) identify generic skills and key competences as a core element of the lifelong learning framework. These include basic skills such as literacy, numeracy, digital competence, language skills, people-related and conceptual skills, critical thinking, problem solving, creativity, risk assessment and decision making. The *Action Plan for Education 2019* contained a commitment to rolling out Springboard+, offering courses to all those in employment for the first time and developing new traineeships and apprenticeships. These actions are welcome, but need to be developed and extended to all employees who wish to partake in further education.

Social Justice Ireland welcomed the Department of Education's commitment to doubling the number of apprenticeships registered to 9,000 by 2020, with 26 new national apprenticeships approved for further development across a range of sectors including healthcare assistants. The pandemic has interrupted the delivery of apprenticeships, education, and training. To meet the aforementioned target by 2021 Government must fully implement the five action areas identified in the review of apprenticeship participation by SOLAS (2018).

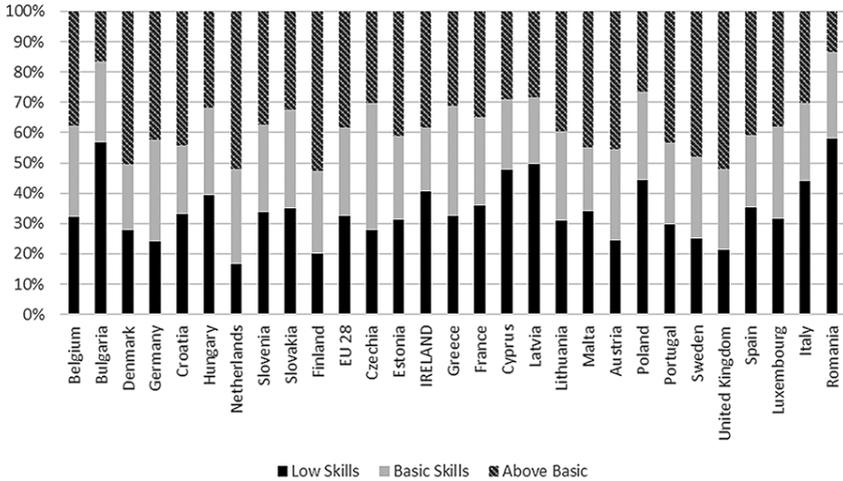
Skills Development

One of the problems that Europe and Ireland now faces is that progress not only needs to continue to be made to address the areas in which targets were set in the Europe 2020 strategy, but also to manage other issues such as low basic skills amongst disadvantaged socio-economic groups. Ongoing attention is required to issues of literacy and numeracy across all age groups.

While Ireland performs relatively well in terms of skills development among young people, a comparatively small share of the adult population performs well on all levels of the PIAAC. Managing digital transformation in the labour market and the shift to a green economy requires investment in human capital and a well-trained and skilled general workforce at all levels (Cedefop, 2020). Continuous investment in skills development, adult learning and lifelong learning are the best policy tools available, allowing investment in human capital and ensuring we can manage these transitions.

Ireland's performance on digital skills is concerning (see Chart 5). Over 55 per cent of the population have low or basic digital skills.

Chart 5: EU-28 Digital Skills Levels, 2019



Source: Eurostat (2021)

The skills that are easiest to automate or outsource are routine technical skills. Educational success is now about creative and critical approaches to problem solving, decision making and persuasion, applying the knowledge that we have to different situations. It is about the capacity to live in a multifaceted world as an active and engaged citizen.⁸

According to the World Economic Forum (2018) without investment in our social welfare, training, skills development, and education systems we risk facing into an era of technological change accompanied by job losses, mass unemployment, growing inequality and skills shortages. This report also points to the skills that will be in demand by 2022 which include analytical thinking and innovation, technology competencies, active learning creativity, originality and initiative, critical thinking, persuasion, and negotiation.

This is supported by the OECD in a report on Well-being in the Digital Age (2019) which found that the digital transformation could compound existing socio-economic inequalities, with the benefits in terms of earnings and opportunities

⁸ <http://oecd.org/general/thecasefor21st-centurylearning.htm>

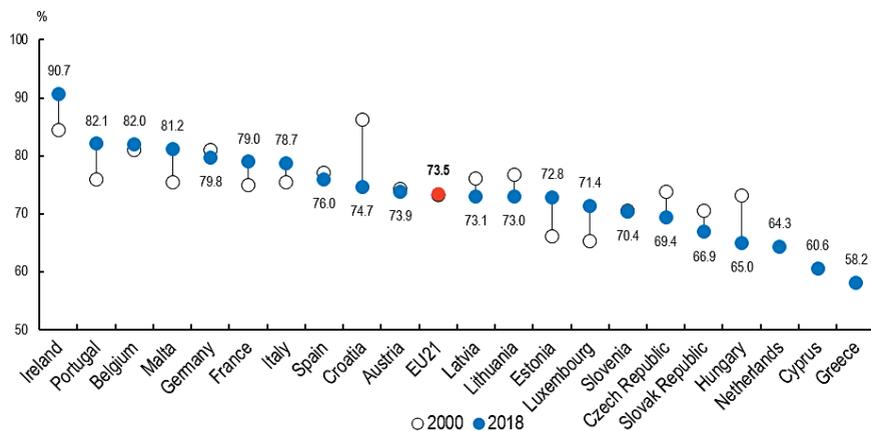
accruing to a few, and the risks falling more heavily on people with lower levels of education and skills. The report notes that 14 per cent of all jobs are at high risk of being lost due to automation, with another 32 per cent at risk of significant change over the next 10 to 20 years. This means that nearly half of the labour force will be impacted by changes to their jobs because of automation by 2040. Our training and skills development policy must be adapted to meet this challenge.

Health

The current global public health crisis is unprecedented and has been termed the worst in a century. Ireland remains the only western European country without universal coverage for primary care (OECD, 2019b). One of the most obvious concerns about the Irish Healthcare system is to do with access. Ireland's health system ranked 22nd out of 35 countries in 2018 (Health Consumer Powerhouse, 2019), but on the issue of accessibility, Ireland ranked *worst*.

That report notes that even if a waiting-list target of 18 months were reached, it would still be the worst waiting time situation in Europe. Irish hospitals are working near full capacity. The occupancy rate for acute care beds is among the highest in OECD countries, and while having a high utilisation rate of hospital beds can be a sign of hospital efficiency, it can also mean that too many patients are treated at the secondary care level (OECD / European Union, 2020). (See Chart 6, below). By comparison with other OECD countries, the share of the Irish population delaying, or forgoing, care is comparatively high (above 30 per cent) (OECD, 2019c).

Chart 6: Occupancy Rate of Curative (acute) Care Beds, 2000 and 2018 (or nearest year)



Source: OECD/European Union (2020) from OECD Health Statistics 2020 Eurostat Database.

Note: The EU average is unweighted

Ireland’s complex two-tier system for access to public hospital care means that private patients have speedier access to both diagnostics and treatment, while those in the public system can spend lengthy periods waiting for a first appointment with a specialist and for treatment. Official statistics suggest that an enormous 628,756 people were waiting for an outpatient appointment in March 2020 while 35,634 people were waiting for treatment as an in-patient or day case (National Treatment Purchase Fund, 2021). The Covid-19 pandemic may have contributed to the numbers on the waiting lists in 2020. However, as Table 5 shows, there have been very high numbers on waiting lists over many years.

Those waiting for outpatient appointments in March 2021 numbered almost 630,000 an increase of 16,180 on November last year. Both the 2020 and March 2021 figures represent very large increases over the figure for the end of 2014. Those waiting for 18+ months numbered 178,064 in March 2021 (up from 156,955 in November 2020). The number waiting for in-patient appointments (35,634) in March 2021 was less than half the number of the previous November (when it was just above 72,000) (Table 5).

Table 5: Waiting Lists for Outpatient and Inpatient/Day Case, 2014-2020

	Dec 2014	Nov 2016	Nov 2018	Nov 2020	March 2021
Outpatients					
Total waiting	385,781	440,629	515,360	612,576	628,756
Waiting 18+ months	20,474	29,478	88,361	156,955	178,064
Inpatient/Day Case Active Waiting List*					
Total waiting	63,105	81,103	70,989	72,843	35,634
Waiting 18+ months	566	4,001	5,413	8,629	2,331

Source: National Treatment Purchase Fund (2020).

*People waiting for an appointment date for their treatment are categorised as ‘Active’

In addition, there are other lists published by the National Treatment Purchase Fund. These include lists such as ‘Patients who have a scheduled date for their admission are categorised as To Come In’ (with 13,774 people on this list, Nov 2020), the ‘Planned Procedure list’ and a ‘Planned Procedure GI Endoscopy’.

Before the onset of Covid-19 the Irish public hospital system was already operating under pressure from high population growth and ageing, and because of system cuts to bed capacity in the preceding decades (Keegan, 2018). The COVID-19 pandemic has exposed the insufficient preparation of countries to cope with major public health emergencies. A report from the OECD and the European Union suggests that the costs of having more resilient health systems pale in comparison with the huge economic consequences of failing to do so (OECD / European Union, 2020). However, that report also notes that other looming crises, such as climate change and environmental degradation, are likely to increase the probability of repeated public health shocks and that building the resilience of our health systems and promoting a green recovery has never been so urgent.

Certain groups continue to experience health difficulties and need a particular policy focus, and inequalities still need to be addressed as disparities, such as in life-expectancy, continue to be great between socioeconomic groups.

Taxation

Government decisions to raise or reduce overall taxation revenue needs to be linked to the demands on its resources. These demands depend on what Government is required to address or decides to pursue. The effects of the economic crisis a decade ago, and the way it was handled, also carry significant implications for our future taxation needs. The rapid increase in our national debt, driven by the need to borrow both to replace disappearing taxation revenues and to fund emergency ‘investments’ in the failing commercial banks, has increased the on-going annual costs associated with servicing the national debt. Similarly, the need for the state to rescue or support so many aspects of our economy and society during the Covid-19 pandemic has triggered large scale borrowing and future liabilities to both service and repay this debt.

Ireland’s national debt increased from a level of 24 per cent of GDP in 2007 - low by international standards - to peak at 119.9 per cent of GDP in 2013. Documents from the Department of Finance, to accompany Budget 2021, indicate that debt levels fell to 57 per cent of GDP (€204 billion) in 2019 but will rise to at least 66.6 per cent of GDP (€240 billion) during 2021. The unpredictable nature of the pandemic, and the likely challenging recovery from it, suggest that the national debt may climb further in the immediate years ahead. The large revision in GDP for 2015 has had a significant effect on this debt indicator. Despite favourable lending rates and payback terms, there remains a recurring cost to service this debt – costs which must be financed by current taxation revenues. The estimated debt servicing cost for 2021 is €4.5bn (DoF, 2020).

These new future taxation needs are in addition to those that already exist for funding local government, repairing and modernising our water infrastructure, paying for the health and pension needs of an ageing population, paying EU contributions and funding any pollution reducing environmental initiatives that are required by European and International agreements. Collectively, they mean that Ireland’s overall level of taxation will have to rise significantly in the years to come – a reality Irish society and the political system need to begin to seriously address.

As an organisation that has highlighted the obvious implications of these long-term trends for some time, *Social Justice Ireland* welcomes the development over the past few years where the Government has published a section of the *April Stability Programme Update* (SPU) focused on the long-term sustainability of public finances.

Research by Bennett et al (2003), the OECD (2008) and the ESRI (2010) have all provided some insight into future exchequer demands associated with healthcare and pensions in Ireland in the decades to come. The Department of Finance has used the European Commission *2018 Ageing Report* as the basis for its assumptions from 2020-2070 which are summarised in table 6. Over the period the report anticipates an increase in the older population (65 years +) from approximately 712,000 people in 2020 to 1.2m in 2040 and to a peak of 1.49m in 2060. Over the same period, the proportion of those of working age will decline as a percentage of the population and the old-age dependency ratio will increase from almost five people of working age for every older person today to less than three for every older person from 2040 onwards (Department of Finance, 2020, p. 52). While these increases imply a range of necessary policy initiatives in the decades to come, there is an inevitability that an overall higher level of taxation will have to be collected.

Table 6: Projected Age-Related Expenditure, 2020-2070

Expenditure areas	2020	2030	2040	2050	2060	2070
% GDP						
Gross Public Pensions	5.1	5.8	6.7	7.4	7.2	6.6
<i>of which:</i>						
<i>Social protection pensions</i>	3.8	4.3	5.2	6.1	6.3	6.0
<i>Public service pensions</i>	1.3	1.5	1.5	1.4	0.9	0.6
Health care	4.3	4.6	4.9	5.1	5.2	5.1
Long-term care	1.4	1.7	2.1	2.7	3.1	3.3
Education	3.5	3.6	3.2	3.4	3.5	3.3
Unemployment benefits	0.8	0.9	0.9	0.9	0.9	0.9
Total age-related spending	15.1	16.6	17.8	19.6	19.9	19.2
% GNI*						
Gross Public Pensions	8.0	9.1	10.5	11.7	11.3	10.3
<i>of which:</i>						
<i>Social protection pensions</i>	6.0	6.8	8.1	9.5	9.9	9.4
<i>Public service pensions</i>	2.0	2.3	2.4	2.2	1.5	1.0
Health care	6.6	7.2	7.7	8.0	8.2	8.2
Long-term care	2.2	2.7	3.4	4.0	4.7	5.1
Education	5.6	5.6	5.0	5.3	5.5	5.2
Unemployment benefits	1.2	1.4	1.4	1.4	1.4	1.4
Total age-related spending	23.6	26.0	28.0	30.4	31.2	30.3

Source: Department of Finance (2020: 52).

Social Justice Ireland believes that there is merit in developing a tax package which places less emphasis on taxing people and organisations on what they earn by their own useful work and enterprise, or on the value they add or on what they contribute to the common good. Rather, the tax that people and organisations should be required to pay should be based more on the value they subtract by their use of common resources. Whatever changes are made should also be guided by the need to build a fairer taxation system; one which adheres to the core policy objective of collecting sufficient taxes to ensure full participation

in society for all, through a fair tax system in which those who have more pay more, while those who have less pay less.

Delivering Leadership

For *Social Justice Ireland*, every person has seven core rights that need to be part of the vision for the future:

- i. sufficient income to live with dignity,
- ii. meaningful work,
- iii. appropriate accommodation,
- iv. relevant education,
- v. essential healthcare,
- vi. to real participation, and
- vii. cultural respect.

For these seven rights to be vindicated, greater public expenditure to fund a broader provision of services is required.

As part of a new Social Contract, Government should ensure that future tax and spending policy is focused on building up Ireland's social infrastructure, prioritising areas such as healthcare, social housing, education, childcare, and early education facilities. These are areas in particular where Ireland is experiencing an infrastructure deficit. Without adequate future planning for the kinds of social infrastructure and services we need, it will not be possible to maintain – never mind improve – the current standards of living for all citizens, from children to older people.

Once Covid-19 has been defeated, all countries will face a major challenge: to decide if the experience of these past 20 months, and our response to it, should shape the future of our society. We must learn from this experience and tackle the inequality and exclusion that we've failed to address heretofore.

What we see clearly now is that the healthcare services that struggled in normal times are being provided with significant additional resources that, we were told, couldn't be even considered prior to the pandemic. What was claimed to be impossible then is taken to be the only sensible course of action today.

All this suggests there is something profoundly amiss with our Social Contract. Once Covid-19 has been addressed successfully it is crucial that we face up to

the radical reforms that are required if we are to reverse the prevailing thrust of policy-making over the past four decades which has failed to eliminate the inequality and exclusion that blights our society.

To achieve the vision just set out, *Social Justice Ireland* has proposed a policy framework for a new Social Contract that identifies five key policy outcomes and sets out key areas for action within each (Table 7).⁹ Each of these five key policy outcomes must be achieved if we are to deliver a more just and sustainable society. It is not enough to have three or even four of the five, while neglecting other areas. All five must be worked on simultaneously. It's not a question of getting the economy right and everything else will follow. That approach has led us from boom to bust to boom to bust. This must end.

Table 7: A Policy Framework for a New Social Contract

Vibrant economy	Decent services and infrastructure	Just taxation	Good governance	Sustainability
Deal with the Deficit	Increase Investment	Increase the overall Tax-Take	Open, transparent, accountable structures	Climate Justice
Financial Stability	Quality Services	Taxation Governance	Social Dialogue	Protect the Environment
Boost Public Investment	Minimum Social Floor	Broader Tax Base	Real Participation/ Deliberative Democracy	Balanced Regional Development
Decent Jobs				Sustainable Progress Index
Reduce Inequality				

We need the investment in infrastructure and services to develop a thriving economy. We need just taxation to fund this. We need good governance to ensure people have a say in shaping the decisions that impact them. We also

⁹ See also Building a New Social Contract – Policy Recommendations, <https://www.socialjustice.ie/content/publications/building-new-social-contract-policy-recommendations>

need to ensure that everything that is done is sustainable; environmentally, economically and socially.

This will require new approaches to the world of work and a recognition of much of the work done in society that goes unpaid, under-recognised and undervalued.

It will also require recognition that our tax and welfare systems are not fit for purpose in the twenty first century. The time has come to set a minimum floor of income and services below which no one should fall. The social welfare system and the income tax credits system should be replaced by a Universal Basic Income which would be far more appropriate for today's economy. This should be accompanied by the development of Universal Basic Services to secure the wellbeing of all.

A new Social Contract will also require us to give climate action the priority it urgently needs. The response to Covid-19 shows that society can be mobilised quickly and effectively to address a real and present danger. Climate change represents such a danger, but the policy response so far has been wholly inadequate. We now know that we can respond quickly and effectively to major threats. An effective response to climate change must figure prominently in the new Social Contract.

Even at the earliest stages of this pandemic, the critical value of having an effective public sector was illustrated. The focus of recent decades on constantly reducing the role of the public sector has been shown to be wrong. Countries with a functioning public sector that caters for essential health services for all have been shown to be better equipped to deal with the pandemic than those without, including Ireland with its two-tier system of healthcare. We cannot settle for a two-tier healthcare system when this pandemic has passed. Ireland will emerge from the pandemic with a larger public sector. We must ensure that this change delivers the foundation of a new Social Contract, that everyone benefits from a larger public sector, and that these much needed services and infrastructure are adequately resourced going forward.

Now is the time for creative thinking about what society should look like when the pandemic has passed. Business as usual is not acceptable. Delivering the leadership required demands the implementation of that engage citizens, foster trust, and build a more just society.

In this paper, we have looked at how these rights are currently being realised or otherwise in the areas of income, work, education, and healthcare. We now turn

to look at some potential policy alternatives in the areas of income, work, and service-provision.

The following national-level proposals then flow from that framework.

1. **Prioritise Investment:** Large-scale, investment programmes are needed to ensure a sustainable and inclusive recovery from the current crisis which operate in job-intensive areas and assist growth as well as social and infrastructural deficits. The focus would need to be tailored to each individual country/ region but might include development of renewable energy sources, health and social care infrastructure, housing, education, and early childhood care infrastructure.
2. **Implement the European Pillar of Social Rights:** Establish processes involving social partners and civil society partners to implement the European Pillar of Social Rights in ways that are legally binding, aiming for equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion
3. **Strengthen Welfare Systems:** Government needs to introduce social protection schemes that are more resilient and that tackle inequalities within the present systems, ensuring equal access to services and to strengthen social cohesion. The national minimum wage must be replaced, over time, with the Living Wage.
4. **Adopt Effective Labour Market Measures:** Activation measures in the wake of the pandemic which focus on supporting unemployed people, aiming to maintain and develop appropriate skills and to not be accompanied by the threatened loss of welfare benefits or assistance. Employment measures must not be implemented in a way that removes income security and increases in-work poverty.
5. **Tackle Low Pay by supporting the Living Wage concept and moving toward a Basic Income System:** Start to tackle low-paid employment by supporting the widespread adoption of the Living Wage, including giving public recognition to organisations (including SMEs) that commit to paying the Living Wage, and consider moving toward a basic income system.
6. **Develop Sustainable Approaches to taxation and increase the tax take:** Sustainable and inclusive growth requires approaches to raising revenue that generate enough to support vital services and to move to a social investment approach. Measures should not disproportionately negatively affect low income groups, which means, amongst other things, avoiding increases in indirect taxes on essential items.

7. **Tackle Tax Evasion:** Tax evasion and the grey economy are a particular problem in some countries where a disproportionate burden falls on compliant tax-payers. Tax evasion must be tackled and fair taxation systems introduced in which all sectors of society, including the corporate sector, contribute a fair share and those who can afford to do pay more.
8. **Consider how Government could become an employer of last resort:** Given the ongoing impact of unemployment, governments in badly affected countries should consider being an employer of last resort through voluntary programmes framed so as not to distort the market economy.
9. **Ensure Inclusive Governance and promote Social Dialogue:** Engage with key stakeholders to ensure that groups at risk of poverty and social exclusion, and unemployed people can influence policy-direction and implementation, and that their experiences become part of the dialogue with national and European institutions to try and repair social cohesion and political legitimacy.
10. **Poverty Proofing and Monitoring:** All Government decisions should be subject to a poverty-proofing process that ensures actions taken will not increase poverty under any heading or cumulatively impact negatively on any particular groups. Integrate social assessments of the impacts of policy changes into decision-making processes that focus beyond short-term cost saving. Use macroeconomic modelling processes to assess the impact of proposed changes in social policies.
11. **Avail of the social investment aspects of the programming of EU funds** to fund measures that address the social situation, including support for initiatives set out in the EU's Social Investment Package such as supporting social enterprises or facilitating the implementation of the Recommendation on Investing in Children.
12. **Commit to appropriate regional strategies** that ensure that investment is balanced between the regions, with due regard to sub-regional areas, aiming to ensure that rural development policy is underpinned by goals of social, economic, and environmental wellbeing.

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The European Union never fully recovered from the impact of the financial crisis of the late 2000s. Without a substantial and coordinated response now to the impacts of Covid-19, Brexit and the climate crisis, the current social and economic crisis could have even more serious repercussions. Major change is required for survival. Twelve years on from the last major shock, and after seven years of continuous growth, the first year of Covid-19 saw the European Union face:

- Reported unmet need for health care jumped from one-in-fifty in 2019 to closer to one-in-five in 2020.
- 14.9 million people unemployed.
- The average early school leaving rate across Europe has not decreased to any extent in recent years.
- 84.5 million people living in poverty - of whom over 18.7 million are children.

A strong response based on the European Social Model is essential. This response must include investment in a sustainable future and in our social and human capital. It must also move towards more participative forms of governance where people have a real say in shaping the decisions that impact on them.

It is time to deliver on the European Pillar of Social Rights.

The chapters in this book, were first presented at a policy conference on the topic of 'Social Rights for All? Time to Deliver on the European Pillar of Social Rights' organised by Social Justice Ireland.



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