European Researsh Series

European Research Series

Social Europe in an Uncertain World

Review of the Social Situation in Europe and Considerations for a More Sustainable and Inclusive Future

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Preface

'Social Europe in an Uncertain World' reviews the social situation in the 27 EU member states and makes some proposals and recommendations for a more sustainable and inclusive future. This report examines recent social developments against the backdrop of global shocks reframing the contemporary world, from ongoing wars in Ukraine and the Middle East to the upending of the international trading order since the re-election of Donald Trump as President of the United States. In fact, one of the key findings of this report – that the European Union itself and many member states have become vulnerable to overlapping economic, social and environmental crises – suggests investment policy at EU level must commit to rebuilding a social Europe capable of addressing the myriad challenges of the present. At a time of compounding and unprecedented shocks – an apparent 'permacrisis' of social, ecological and geopolitical dimensions – the European Union must heed the lessons of its own recent history. Seventeen years on from the Financial Crash, as Europe continues to deal with the consequences of wars in Ukraine and the Middle East and protectionist trade wars threatened by the second Trump administration, the EU must confront:

- 11.9 million people unemployed
- 4 million people long-term unemployed
- 2.9 million young people aged under 25 unemployed (highest in Spain, Sweden and Romania)
- 71.7 million people living in poverty (200,000 more people than in 2010) - of whom over 15.6 million are children (one fifth of Europe's children are living in poverty).

Just as the European Union continues to suffer from injuries sustained a decade and a half ago, it is clear that without substantial and coordinated action now, looming social, environmental and economic challenges could destroy it. A strong response built on the European Social Model is required. This response should be based on investment in a sustainable future, in our social and human capital. The European response must be focussed 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 were hardest hit by the pandemic and the cost of living crisis that followed, and unlike in 2008, they must be protected if Europe is to achieve a real and lasting recovery.

'Social Europe in an Uncertain World' is the seventeenth publication in *Social Justice Ireland's* European Research Series. This report analyses performance in areas such as poverty and inequality, employment, access to key public services and taxation. These areas are examined in light of the key social policy responses of the European Union in recent years. The report also points to some policy proposals and alternatives for discussion. These include the right to sufficient income, meaningful work and access to key quality services. These policy proposals explore how these areas might be delivered for a changing world and in the wake of ongoing crises linked to wars in Ukraine (2022-) and the Middle East (2023-) and threats of a US-EU trade war emanating from the Trump administration (2025-).

We hope that this report can make a timely and significant contribution to moving beyond the limitations of the Europe 2020 Strategy and towards an even more ambitious plan for implementation of the European Pillar of Social Rights to 2030 and beyond. The aim of the European Pillar of Social Right Action Plan inaugurated at the Porto Social Summit in May 2021 is to seek to take account of the changing realities of Europe's societies and the world of work. The failure to deliver a balanced policy approach between economic and social policy across the European Union for several decades has only become clearer in the wake of the Covid-19 pandemic and amidst an ongoing wave of global shocks pointing to an increasingly uncertain world. True resilience must involve renewal, or risk irretrievable reversal of the European project.

Focusing on this century alone we see that the original Lisbon Strategy also known as the Lisbon Agenda or Lisbon Process, was deemed to be such a failure that it had to be revised halfway through its ten-year lifespan. The revised version eliminated the social aspects of policy that had been a feature of the original iteration of the Lisbon Strategy. This seemed to suggest that it was the social aspects of policy that were holding back the economic priorities of job creation. This analysis in turn proved to be false as the Lisbon Strategy in its second iteration was also deemed to be a failure.

In 2010 the Lisbon Strategy was replaced by the Europe 2020 strategy. In practice this, too, has not had the positive impact on social aspects of policy that it is meant to address. Of particular significance is its failure to reduce poverty substantially or to even make major progress towards reaching the target set. The European Union is strong on rhetoric but weak on delivery where the social aspects of policy are concerned. Failure to deliver on social aspects of policy, in particular on reducing poverty and long-term unemployment and improving access to quality services, will have major implications for the future of the EU as it will strengthen the growing conclusion that it is not a democratic project but is, rather, focused on delivering outcomes that favour the economically powerful. Nor should a further subordinating of EU social policies to a putative 'European industrial strategy' be legitimated in a climate of rising geopolitical insecurity and global competition.

The purpose of our European Research Series is to contribute to the debate and discussion on policy issues that affect all members of the European Union. Past iterations of this research series have produced comprehensive reviews of Ireland's performance towards its Europe 2020 targets, a comprehensive examination of the impact of policies pursued by the European Union and its members states after the financial crisis of 2008 and an extensive analysis of how European member states have been performing in terms of social and economic targets from crash to Covid-19 and beyond. Some of this research focused on those countries most affected by the crisis of 2008-09. *Social Justice Ireland's* European Research Series provides a comprehensive and detailed analysis of key issues, and it also makes a series of policy proposals at local, NGO, national and EU level. These proposals are aimed at ensuring a more sustainable and inclusive future for European citizens.

Our research has consistently shown that a more integrated social dimension across the European Union is required to ensure the European Social Model can meet the challenges of the present. This publication points to the need to develop a social welfare and support system that can adapt to changing realities and withstand future shocks. Minimum income schemes, the Living Wage, Basic Income schemes, the changing nature of work, adequate investment, access to quality services, representation and sustainability are policy areas which are examined in this research. We strongly argue these measures remain *essential prerequisites* to future European prosperity, not barriers to it. We present this research as part of our ongoing contribution to the European policy process.

Social Justice Ireland would like to thank Dr Peter Hession for his work in producing the research for this publication. He has brought a great deal of experience, research, knowledge and wisdom to ensure that this publication is a worthwhile contribution to the ongoing discussion on how to secure a more sustainable and inclusive future for all in the European Union.

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Executive Summary

This report examines social developments in the EU against the backdrop of major geopolitical instability, utilising a range of indicators of poverty, inequality and income, employment and unemployment. It also looks at how European countries perform on certain indicators in respect of education and health. In each case, we look at what the indicators tell us about the most recent years, and we also look back to 2010 in many cases. We also examine levels of total taxation as a proportion of GDP amongst European countries in light of key indicators and also in light of their respective approaches to social investment. Finally, we set out some alternative policy approaches.

The following offers an executive summary of the report's overall findings.

Poverty and Income

The review set out in this report shows how the Europe 2020 target set in 2010 of taking 20 million people out of **risk of poverty or social exclusion** has been missed and the European Pillar of Social Rights Action Plan (EPSRAP) target for 2030 to reduce this measure by 15 million is also yet to be attained. By 2023, Europe only reduced the number by about 9.3 million people.[1]

Table 1 EU-27 Key Poverty Indicators 2010 and 2023

Poverty Indicators								
	People at risk of poverty or social exclusion		People at risk of poverty (60% threshold)		People experiencing Material and Social Deprivation		People in households with very low work intensity	
EU-27	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Total population								
2010**	103.7m	23.9	71.5m	16.6	38.8m*	8.9*	32.8m	9.9
2023	94.4m	21.3	71.7m	16.2	29.3m	6.8	26.3m	8.3
Children (under 18)								
2010**	22.2m	27.3	17.2m	21.1	8.4m*	10.3*	6.6m	8.2
2023	20.0m	24.8	15.6m	19.4	6.6m	8.4	6.1m	7.6
Older people (over 65s)								
2010**	14.9m	19.8	11.5m	15.3	5.6m*	7.5*	n/a	n/a
2023	18.4m	19.6	15.7m	16.7	5.0m	5.5		

Source: Eurostat Databases: ilc_peps01n, ilc_li02, ilc_mdd11, ilc_mdsd11, ilc_lvhl11.
* Refers to 'severe material deprivation' Eurostat Databases: ilc_mdd11.
** EU average rate for 2010 relates to the EU27 (current composition).

[1] Eurostat gives -8.85m as the cumulative difference between 2010 and 2020 for EU27. (Eurostat Online database: [ilc_peps01]) From 2020 on, the methodology for calculating this dataset was amended accounting for slight discrepancies between the pre- and post-2020 measures. Comparing the two datasets for 2010 and 2022 respectively, the difference amounts to 8.4 m. (Eurostat Online database: [ilc_peps01n])

The risk of poverty or social exclusion rate affected over 103.7 million people in 2010 (EU27), a figure that rose in subsequent years but has improved each year between 2012 and 2019. However, the average rate rose to 21.3 per cent in 2023 (EU-27) representing more than one in 5 Europeans or over 94.4 million people (Eurostat online database code ilc_peps01n). This indicates how far away Europe is from a reduction of 20 million people affected. Thus, despite improvements prior to the pandemic, 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 2010 and 2023) (Eurostat 2023a). Groups facing a higher risk of poverty and social exclusion include single households, migrants and people with lower education as well as their children.

In 2023, the highest rates of poverty or social exclusion were to be found in Romania and Bulgaria where the rates were at or above 30 per cent. In 3 other countries (Latvia, Greece and Spain) the rate was over 25 per cent. The lowest rates were found in Czechia (12 per cent) followed by Slovenia, and Finland. 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. Between 2022 and 2023, disimprovements in the poverty or social exclusion rates were observed in several countries including, notably, Luxembourg (+2 percentage points) and also in some countries with traditionally relatively low rates such as the Netherlands, Austria and Slovenia. The greatest improvements occurred in Romania and Bulgaria. It is notable that those countries identified by the European Social Policy Network as having a well-established approach to social investment (mainly Nordic and central European countries) tend to do well at protecting their populations from poverty or social exclusion relative to other countries with a less well-developed social investment approach.

The **risk of poverty rate**, a measure or relative income poverty, suggests that in 2023, 16.2 per cent of the population (EU-27) was living at risk of poverty (over 71.7 million people), and that 200,000 more people were affected in 2023 than in 2010 (in 2010 the rate was 16.6 per cent, affecting 72.5 million people EU-27) (Eurostat online database, code ilc_li02). Other indicators point to similar deterioration against the backdrop of the pandemic - the average EU-27 rate of **material and social deprivation** was 6.8 per cent in 2023, representing approximately 29.3 million people, up from a rate of 5.5 per cent in 2019 (and representing over 23.9 million people). It is a negative development despite the fact that there have been improvements in this indicator in recent years.

Children (those under 18): Like other reports in this series, this report highlights again how ongoing high levels of poverty or social exclusion amongst children is one of the most challenging and serious issues faced by Europe. The rate of poverty or social exclusion that children experience continues to be higher than for the general population and about one quarter of children in Europe are affected. Thus, children who are considered to be **at risk of poverty or social exclusion** numbered 20.0 million in 2023 or 24.8 per cent (EU-27 average) (Eurostat online database, code ilc_peps01n). Positive reductions in levels of **material and social deprivation** occurred for children up to 2019, but the Covid-19 pandemic saw a partial reversal of this trend with increases of between +0.4 and +6.2 registered among ten Member States (France, Czechia, Finland, Sweden, Austria, Luxembourg, Denmark, Slovakia, Spain and Germany) between 2019 and 2023 and an overall increase in the average EU rate over the same period by 0.6 percentage points.

In short, poverty in all its forms still affects far too many children and childhood poverty remains a pressing problem because of its long-lasting effects on society and on the lives of individuals. A range of interventions are necessary to address this situation including access to affordable quality early childhood education and care, along with well-designed work-life balance policies.

Older People: The situation of older people varies greatly between countries, with very high levels of income poverty and material deprivation especially in newer accession countries and also in some Mediterranean countries. The European average rate for **poverty or social exclusion** amongst those aged 65+ was 19.6 per cent in 2023 (representing 18.4m people). This marked a return to the pre-pandemic 2019 rate of 18.5 per cent. The rate was higher for those aged 75+ (20.4 per cent) (Eurostat online database, code ilc-peps01n).

The average **material and social deprivation** rate for this age group showed marginal disimprovement between 2022 and 2023 – rising to 5.5 per cent (representing approximately 5 million people aged 65+, EU-27) (Eurostat online database, code ilc_mdsd11). This is a discouraging sign. Many more older women than older men are affected by all aspects of poverty. These issues are significant for policy-makers (as well as for the individuals concerned) given that populations are ageing at an unprecedented rate and that there are many more older women than older men and they tend to have poorer pension provision (see EU Social Protection Committee 2021).

Working Poor: In 2023, 8.3 per cent of employed people (aged 18+) were living under the poverty threshold (EU-27) and the average rate (that is, the in-work poverty rate) fell by 0.3 percentage points when compared to the previous year (Eurostat Online database, code ilc_iw01). Thus, in 2023 almost one in ten employed people in the EU were living in poverty. They amounted to an alarming 20.5 million people (in 2017) (Pena-Casas et al 2019). Some groups are particularly affected (including younger people, people with lower education levels, and non-standard workers, poor households with children including lone parents). It is concerning that limited policy attention is paid to this group and they were not, for example, included within the groups for which poverty reduction targets were set in the Europe 2020 Strategy.

When **income inequality** is examined there are concerns overall about increases over time and substantial differences between countries in Europe. In 2023, while in some countries (notably Nordic, some central European countries and some peripheral countries), the rich earned around four times as much as the poor or less, in other countries, notably, Bulgaria, Latvia and Lithuania the value was above 6. The highest levels of **median disposable income** occur in Scandinavian, central and western European countries, the lowest in other newer accession members and there are very great variations in the levels. While, between 2022 and 2023, median disposable income has increased in all but one Member State (Ireland); in Greece it is still lower than it had been in 2010 (Eurostat ilc_di03).

Financial distress (defined as the need to draw on savings or to run into debt to cover current expenditures) has gradually declined since 2014. However, the greatest distress is being experienced by the lowest income quartile (or lowest 25 per cent) and also by the second quartile (lowest 50 per cent). In March 2025 it was recorded at 26.5 per cent for the lowest-income quartile and at 17.0 for the second quartile.

Overall, while there have been some improvements between 2010-2023 in several indicators and for key groups, the impact of the pandemic has helped exacerbate a situation in which Europe was already far off-track in relation to meeting its poverty reduction targets. The social indicators suggest a marked deterioration for very many people living in Europe, with disimprovements 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 prior to the financial crisis. The position of children, in particular, while improved somewhat continues to be strikingly negative for very many children with potentially very serious long-term consequences. Thus, a rising tide has yet to lift all boats.

Employment

As in previous reports in this series, we welcome the fact that employment has grown strongly in the EU between 2013 and 2019 and since 2021. As labour markets continue to rebound from the unprecedented shock of the pandemic, it is essential that policymakers *make the most of this positive economic momentum and deliver on new and more effective rights*.

However, despite past improvements, the employment rate did not increase at the anticipated rate and the Europe 2020 strategy target of at or above 75 per cent was only attained in 2023. 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. The lowest employment rates in 2024 were found in Italy, Greece, Romania and Spain (looking at ages 20-64). There are also concerns about the way that the employment picture is evolving– especially regarding growth in temporary, part-time and precarious work and falling or stagnating wages. Another issue is that employment recovery is not reaching all regions equally, with a recent (2025) report on EU labour markets noting 'long-lasting effects of the [financial] crisis on productivity growth in the EU and particularly in southern Europe' (Eurofound, 2025a). Moreover, the rise and persistence of telework in the wake of the Covid-19 pandemic has only served to exacerbate regional inequalities in employment with ongoing 'territorial divergence' threatening to sharpen the divide between capital city regions and less urbanised areas (Eurofound and European Commission, 2024).

In 2024, the annual unemployment rate (EU-27) was 5.9 per cent (representing 11.9 million people) (Eurostat une_rt_a). The countries with the highest rates in 2024 were Spain (11.4), Greece and Sweden. The long-term unemployment rate has risen slightly in the year up to the final quarter of 2024 (at 1.8 per cent), but it still affected about 4 million people (Eurostat online database une_ltu_q; data not seasonally adjusted). Those unemployed for 2 years or more represented over 1.9 million people (Q4, 2024) and remained stable from the previous year. The share of long-term unemployed as a percentage of total unemployment has fallen to 32.2 per cent in the final quarter of 2024 (Eurostat online database lfsq_upgal). Thus, long-term unemployment continues to be a concern with implications in human and social terms and with financial costs and possible impacts on social cohesion. Slovakia, Greece and Italy had the highest shares of long-term unemployment in quarter 4, 2024. The lowest ratios were found in Denmark followed by the Netherlands and Austria.

Both older and younger workers experience lower employment rates than other age groups. Becoming unemployed at an older age means being more likely to remain so and to experience long-term unemployment (International Labour Organization, 2018).

Focusing on youth unemployment (those under 25), in 2024, the average EU-27 rate remained stable at 14.9 per cent. (Eurostat database une_rt_a). In 2024 Spain was the country with the highest level of youth unemployment (26.5 per cent) followed by Sweden (24.3) and Romania (23.9 per cent).

A related area of concern involves young people who are neither in education nor employment (known as NEETs). The EU-27 average NEET rate (ages 15-29) was 11 per cent in the final quarter of 2024, down on the rate recorded one year earlier as well as the peak rate recorded in 2013. (Eurostat edat_lfse_20). Thus, while there have been welcome improvements in youth unemployment within recent years, the situation of young people is still difficult especially for some groups and in some countries.

Overall, despite very welcome improvements in employment in the EU over several years prior to the onset of the pandemic, there are significant ongoing issues and challenges ahead that require policy responses. Policies linked to ongoing recovery from the pandemic will need to address the problems that still exist and to anticipate future challenges.

Education

It is welcome that progress has been made towards reaching targets set in the European 2020 Strategy and toward the European Pillar of Social Rights Action Plan (EPSRAP) targets for 2030 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.

Improvements in the average (EU-27) rate of early school leaving since 2010 are welcome, as is the fact that (at 9.3 per cent) the average for 2024 (the most recent year for which data is available) is just below the <10 per cent target set in the Europe 2020 strategy but above the <9 rate set by the EPSRAP for 2030. But the average rate has not decreased to any extent in the most recent years – so progress has stalled. In 2024 the highest rates of early school leaving were to be found in Romania (16.8 per cent), Spain (13 per cent), and Germany (12.4 per cent). There is still a very great gap between the countries with the highest rates (Romania, Spain and Germany) and that with the lowest rate, Croatia (with a rate of 2.0 per cent). Because its consequences for individuals and for society are so grave in terms of increased risk of unemployment, poverty and social exclusion, this is an issue that requires ongoing attention from policy-makers and renewed ambition to surpass the Europe 2020 target and meet the EPSRAP target for 2030.

For third level attainment, the target set in the Europe 2020 strategy was that at least 40 per cent of 25-34 year-olds would complete third level while the EPSRAP has set a target of 45 per cent for 2030. In 2024, the EU-27 average was 44.8 per cent so the target has been reached. This is an area showing large improvements since 2010 when the average rate had been 32.6 per cent. In 2024, ten countries had rates at or over 50 per cent. However, there is nearly a 42.8 percentage point gap between the country with the highest rate (Ireland) and that with the lowest (Romania) (2024).

When we look at lifelong learning, relatively very low rates of participation in many EU countries represents a lost opportunity both for individuals and for societies and economies. At 13.3 per cent in 2024, the average rate is above that recorded in 2010 (7.8 per cent) but in recent years increases have only been marginal – so the fact that the rate is stagnating is unfortunate given that basic skills are lacking for so many people and much remains to be done to improve adult literacy in many countries. Clearly, the EU has failed to reach the lifelong learning target (15 per cent average) set in the ET 2020 strategy. There is great variation across Europe in terms of the rates of participation. Northern European countries tend to top the table; in 2024 the top three countries were Sweden, Denmark and the Finland followed by Netherlands, Slovenia and Estonia. At the other end of the scale, the rate was lowest in Bulgaria, Greece and Croatia.

One of the problems that Europe 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. Certain countries tend to be better performers across several or all education indicators. These include, in particular, Finland, Sweden, Denmark, and the Netherlands.

Health

The Covid-19 pandemic has been termed the worst to effect Europe in a century, and resulted in a marked fall in life expectancy in sixteen EU Member States between 2020 and 2021. Between 2022 and 2023, average life expectancy improved in every Member State and now stands at 81.5 years, an improvement of 0.9 years compared to 2022. In overcoming Covid-19, Europeans have generally relied on healthcare systems which compare well internationally in terms of quality and access. Data relating to 2020, 2021 and 2022 suggests the pandemic saw a rise and subsequent stabilisation in perceptions of unmet need for healthcare in some countries (Eurostat, hlth_silc_08; Eurofound, 2021d). Perception has also been persistently different between different income groups, with the lowest perception of unmet healthcare need among top income earners and the highest amongst those who earn least.

There also continues to be variation in these perceptions across different countries. In the wake of the pandemic, ten Member States have been categorised as facing key challenge in relation to access to health care, based on self-reported unmet needs for medical care due to cost, waiting time, or distance (Social Protection committee 2021).

A significant factor in health performance throughout the pandemic was underlying inequalities in healthcare provision across the EU (Brooks, 2022). A 2022 *Lancet* study thus found mortality rates linked to Covid-19 were strongly correlated with regions with higher levels of socioeconomic disadvantage measured in terms of income inequality, access to employment and quality housing (McGowan et. al., 2022). A recent (2025) European Commission report on the role of healthcare in reducing inequality and poverty across the EU has similarly warned of the 'long-term consequences of underinvestment in healthcare' which produced a surge in unmet medical needs following the financial crash which peaked in 2014 (European Commission, 2025k). The World Health Organization's recent *Health at a Glance: Europe 2024* report likewise warns of significant life expectancy gaps and 'persistent socio-economic disparities' among EU Member States (World Health Organization, 2024).

Certain groups continue to experience particular health difficulties and need a particular policy focus. In the context of post-pandemic health inequalities, these include younger people (aged 18-25), older people (aged 65+), women, migrants, rural dwellers, low-income earners and those in neither education or training as well as those living with disabilities, those at risk of mental health and chronic health problems and those living in Member States with lower levels of health spending in central and eastern Europe (Eurofound, 2023c).

Taxation

Without raising resources, countries cannot invest in infrastructure and services required to promote inclusion and to sustain development. Our conclusions on taxation are very much in line with our conclusions in previous years.

There is considerable variation between member states in the EU in respect of total taxes as a proportion of GDP. The highest ratios tend to be found in the 'old' 14 members of the EU. Thus, the highest levels are found in France (45.6), Belgium, Denmark, Austria, Finland Sweden and Luxembourg. At the other end of the scale were Ireland (22.7 per cent), Malta Romania, Bulgaria, Lithuania and Latvia. Overall, the range is broad with a difference of 22.9 percentage points between the country with the lowest ratio (Ireland) and that with the highest (France).

Amongst the countries with the highest total taxation ratios relative to GDP are some considered the most competitive in the world: Germany, Sweden and Denmark are amongst the world's ten most competitive countries and Finland was ranked 11th (World Economic Forum 2019). These are countries that also tend to score highly at protecting their populations from poverty or social exclusion and they tend to be more equal societies in terms of incomes.

In general, countries in the south and east of Europe tend to have lower levels of taxation and also less well-developed social investment approaches, and higher rates of poverty or social exclusion. Amongst the newer accession countries – and with a taxation ratio just below 35 per cent of GDP - Czechia is notable for its performance in relation to prevention of poverty and social exclusion. The performance of Slovakia and Slovenia is also notable.

All of the countries that are identified by the European Social Policy Network as having a well-established approach to many social policies (Bouget *et al*. 2015), have tax takes that are above a low-taxation threshold ratio of 35 per cent of GDP, and most are also above the EU average.

1 Introduction and Context

This report is one of a series that *Social Justice Ireland* has published addressing the social situation in Europe. In previous reports, we considered the background to the economic crisis of 2008, its aftermath and the European policy response to it at some length. This report focuses on EU social policy developments amidst a series of global shocks currently impacting Europe, from wars and humanitarian crises in Ukraine and the Middle East to the threat of an EU-US trade war since the return to power of the second Trump administration (Plackett, 2024).

In the following Chapters, we examine the 'polycrisis' – social, geopolitical and ecological – currently confronting the EU through a focus on poverty and social exclusion, inequality, unemployment, education, health services and taxation (Tooze, 2022). We also include a Chapter in which alternative policy approaches are discussed to address some of the challenges outlined in the report, particularly in the aftermath of a pandemic which has created unprecedented risks to social equity and public health while also marking a potential break with the policies of the past. In this light, we finish with some recommendations. The report thus tackles problems currently facing Europe with the aim of informing EU investment policy on rebuilding our society and economy against the backdrop of a rapidly changing world.

In the first report in this series, we reviewed progress (or the lack of it) in key areas of social policy focusing on the period 2008 to 2013 and we subsequently updated this in later reports. Like the last reports in this series, this year's report is essentially an annual review focusing on development in the most recent years with reference to the ongoing geopolitical shocks of war, humanitarian crisis and unprecedented instability in the global trading order.

1.1 Global Shocks: War, Displacement & Trade

The outbreak of war in Ukraine in February 2022 has, in the words of the European Commissioner for Economy Paolo Gentiloni, 'shattered assumptions and changed the [economic] picture dramatically', with an energy crisis and unprecedented inflation fuelling a 'cost-of-living emergency' across the EU (European Commission, 2022c; Visentini, 2022). An exogenous shock of an unprecedented character for the EU, the war has already led to 1.4 million dead or wounded (as of June 2025) and wreaked destruction in Ukraine at an estimated cost of €450 billion (CSIS, 2025; World Bank, 2025). While the conflict has seen Common Security and Defence Policy rise dramatically up the EU's agenda with initiatives such as the European Peace Facility and Strategic Compass against a backdrop of Trumpian isolationism since November 2024, the war has also wrought complex and potentially long-lasting effects on other dimensions of European integration, not least across the interconnected areas of social justice, migrant solidarity, social rights and redistribution.

Outside the devastating humanitarian impact of military aggression within Ukraine itself, Europe has primarily felt the effects of the war on two fronts: rapid price inflation and an unprecedented influx of refugees fleeing the war. The first of these has been primarily driven by significant rises in energy prices following a sharp reduction of European imports of Russian natural gas and oil which stood respectively at 40 and 26 per cent of EU imports prior to the war (2021). Alongside wide-ranging sanctions on Russian economic and state actors, explicit EU restrictions have been issued against imports of Russian crude oil (December 2022), petroleum products (February 2023) and natural gas on routes where Russia has previously cut supplies (May 2023), leading to 40 and 61 per cent drops in EU imports of Russian natural gas and oil respectively during 2022 (Eurostat, 2023). On 17 June 2025, the European Commission proposed a Regulation to ban and completely phase out the import of Russian oil and gas by the end of 2027 (European Commission, 2025a).

Combined with post-pandemic supply-chain bottlenecks from 2021, the war contributed to a contraction of 0.1 per cent in the EU economy in the final quarter of 2022 and unprecedented inflation rates peaking at 11.5 per cent in November, the highest noted by Eurostat since records began in 1997 (Eurostat, prc_hicp_aind). Energy-specific inflation rates reached as high as 38.7 per cent in October 2022 and food price inflation hit 16.5 per cent in February 2023 (European Commission, 2023a). Against this backdrop, the European Central Bank measured a 7 per cent decline in real hourly wages across the Eurozone since 2021, notwithstanding record-high employment over the same period (European Central Bank, 2023). The economic impacts of the war upon Europe are thus likely to exacerbate longer-term structural problems worsened by Covid-19 which have dogged the EU economy since the 2008 crash, namely stagnant or widening inequality, in-work poverty, child and elder poverty, youth unemployment and casualisation (see Chapter 2 and 3 below).

In addition to evident linkages to the European Green Deal, what might be termed the 'geo-politicisation' of EU energy policy since the war has, as noted above, prompted a dubious re-articulation of EU social priorities under the guise of an industrial policy for Europe. The completion of the Europe 2020 Strategy, begun in 2010 to shepherd Europe's post-crash recovery, has opened an EU social policy 'vacuum' where the simplification of new targets for 2030 – unveiled by EU ministers in June 2022 and relating solely to employment, training and poverty – has put little flesh on the bones of the European Pillar of Social Rights Action Plan (EPSRAP) (European Commission, 2023c). Most recently, the linking of Ukraine to a more nebulous concept of social resilience is evident in the rebranding of Commission Vice President Roxana Mînzatu's portfolio into one embracing 'social rights and skills, quality jobs and preparedness' (European Commission, 2025b).

As stakeholders such as the European Social Network and Porto Social Forum have recently noted, efforts to 'reignite' debate on EU social policy reflects precisely such a 'vacuum' (European Social Network, 2023). Here too, calls at the recent (19 March 2025) Brussels Tripartite Social Summit aimed at 'bringing Europe back on track in a challenging geopolitical environment as an attractive, competitive and investment friendly location' reveals a telling shift in tone. While European Council President Charles Michel initially led calls for a 'European industrial policy response' to rising geopolitical instability in 2023, his successor António Costa has more recently stressed the war in Ukraine as a 'wake up call for Europe' and the spur to pursue a 'real industrial policy on defence' for 'a safer more resilient Europe ... [to] underpin our social model' (European Council, 2023; 2025).

In other areas, however, the war has prompted a reframing of EU social policy in potentially more progressive directions. This is particularly evident in relation to asylum, as the war has led to the displacement of approximately 5.6 million refugees (as of June 2025) across Europe of which over half reside in the EU under the 2001 Temporary Protection Directive (European Commission, 2025c). Activated in March 2022, this emergency mechanism offers 'immediate and collective protection' to displaced persons by providing them with rights of legal residency, free movement and access to the labour market and public services across EU Member States. This swift and effective response to the plight of Ukrainian refugees stands in stark contrast to the approach adopted during the 2015-16 migration crisis when profound disagreements between Member States about the functioning of the 2013 Dublin III regulation paralysed EU asylum policy to the detriment of hundreds of thousands of predominantly non-European migrants fleeing war.

The decision of the European Council in March 2022 to allow 17 billion euro of EU cohesion funds to be redirected to support the national rights associated with temporary protection – to housing, education, healthcare etc. – likewise represents a significant budgetary precedent. As Federico Fabbrini has noted, this shift in asylum policy has served to 'strengthen refugees welcome in line with the principles of Social Europe' by recognising the EU social rights of temporary protectees as a legitimate and necessary locus of EU burden-sharing (Fabbrini, 2023). The EU Pact on Asylum and Migration finalised in May 2024 may yet backtrack on what the European Council on Refugees and Exiles has termed such 'compensatory solidarity mechanisms' and threaten progress being made toward the strengthening of asylum-seekers' social rights – and thus social rights as a whole – across the EU (European Commission, 2023d).

Compared to the suite of reactions to the outbreak of war in Ukraine, the EU stance on the Israel-Hamas war from the initial Hamas attack of 7 October 2023 and subsequent Israeli invasion of Gaza has proved divisive and highly controversial. According to the UN Office for the Coordination of Humanitarian Affairs, the death toll arising from the conflict currently stands at a shocking 61,338 in Israel and Palestine with the leading British medical journal *The Lancet* projecting potential loss of life of up to 186,000 due to indirect causes linked to mass displacement and the destruction of basic infrastructure (OCHA, 2024, McKee et. al., 2024). Commission President Ursula von der Leyen's unilateral articulation of 'unconditional' support for Israel on a visit there on 13 October 2023, together with the short-lived assertion of the Neighbourhood Commissioner Oliver Varhelyi that 'all aid' to Palestine would be cut, aroused deep division in EU ranks (Pugnet and Basso, 2023). In addition to seven EU countries which already recognised the state of Palestine prior to 2023, the move to do so by Spain and Ireland (28 May 2024) and Slovenia (4 June 2024) and the stated intention of France to follow suit in September 2025, together with the support of Ireland, Spain and Belgium for the case against Israel filed by South Africa at the International Court of Justice, have further highlighted profound splits across the EU.

The impact of the humanitarian crisis in Gaza upon EU migration policy – and indirectly upon wider EU social policy as in the case of Ukraine – is largely evidenced by an absence of action in contrast to the special measures initiated in 2022. The European Asylum Agency indicates 11,561 Palestinians requested international protection in 2023, a fraction of the total 1.1 million applications (EAA, 2024). Advice issued by the European Court of Justice in January 2024 that Palestinians can apply for asylum without having to prove they are specifically targeted has marked a shift in procedure, yet obstacles remain to Palestinian access to asylum in the context of deeper divisions on the issue of Palestinian statehood and the long-running issue of the 'right of return' denied to Palestinians (CJEU, 2024). Given the potential for the conflict to result in a refugee crisis on par with 2015, the wider context of European migration policy reaffirmed by the 2023 EU Migration Pact and EU-Tunisia agreement has likewise attracted criticism as likely to result in 'serious human rights abuses' (Amnesty International, 2023). Meanwhile, as the EU Agency for Fundamental Rights noted in its 2025 report, the war has 'contributed to spikes in antisemitism and anti-Muslim hatred in the EU .... seen in racism, discrimination and polarisation' (EUAFR, 2025).

The re-election of Donald Trump to a second term as President of the United States in November 2024 has exacerbated tensions surrounding the wars in Ukraine and the Middle East, the latter expanding through direct US military interventions in Somalia (February 2025), Yemen (March 2025) and Iran (June 2025). Yet as Vice President JD Vance made evident in his February 2025 speech to the Munich Security Conference, the Trump administration's foreign policy program can also be understood as an extension of its domestic agenda from nativism to protectionism. The speech sent shockwaves through European capitals, echoing not only a longstanding Trumpian hostility to the EU as a political institution but to a 'European model ... that [it] would love to see fail' (Munich Security Conference, 2025). As the cacophonous themes of Vance's Munich speech suggest, the distorted image of an EU 'formed to screw the United States' 'woke, weak, and freeloading' which showcases excessive immigration, over-regulation, defence opportunism, exploitative trade relations and suppression of democracy by the 'enemy within' of a 'woke deep state' represents a Trumpian caricature of America itself (Casert, 2025; Atlantic Council, 2025). Conversely, as the European Council on Foreign Relations has warned, the outcome of EU-US relations in the Trump era may ultimately be 'to transform Europe in his image' with disastrous consequences for social cohesion (ECFR, 2025).

An early indication of this trajectory can be seen in the major concession to US pressure made at the Hague NATO Summit in June 2025 by European members of NATO – 23 of the EU's 27 EU Member States –to raise defence spending to 5 per cent of GDP by 2035. To meet this commitment, European NATO members will be obliged to triple the €325 billion they currently spend on defence to more than €900 billion. For von der Leyen, who prioritised building a 'geopolitical Commission' at the outset of her first period in office in 2019, higher defence spending commitments have been embraced with recent (9 July 2025) calls for $936 billion in military investment to be co-ordinated via joint procurement initiatives at EU-level to create 'good jobs here at home'. Yet think-tanks such as Bruegel, the ECFR and the European Environmental Bureau have all warned of swinging budgetary trade-offs – likely to affect social spending – which will be required to honour this guarantee (John, 2025; European Environmental Bureau, 2025; Beetsma et. al. 2025) As Philippe van Parijs has recently concurred, the 'EU's deepening involvement in [war] represents no good news at all for Social Europe' amidst 'loud calls for reducing social spending in order to fund increased military expenditure' (Parijs, 2025). Here, a rightward drift in EU policymaking – accelerated by Trumpian threats – is likewise evidenced in the absence of any meaningful social legislation in a 2025 Commission Work Programme which nonetheless promises 'a new era for European Defence and Security' (European Trade Union Confederation, 2025; European Commission, 2025d).

The most direct challenge posed by the Trump administration to the EU to date has taken the form of an on-off 'trade war' since January 2025, building from the threat of a 200 per cent tariff on European wine in March to a 50 per cent tariff on EU goods in May before the conclusion of a deal in July 2025 which set a 15 per cent tariff ceiling for most EU goods. In return, the EU will eliminate sectoral tariffs including its 10 per cent duty on cars while committing to purchase US gas and military equipment and to raise overall EU-US investment to $600 billion (Jones, 2025). The latter provision in particular, which exceeds the competencies of the Commission, has raised serious questions as to the viability of the deal and already given rise to incipient threats from Washington (Briancon, 2025). Within the EU, the deal has divided Member States and antagonised relations with the Commission, with von der Leyen casting the agreement as 'a true foreign economic policy … to make Europe more competitive, more innovative and more dynamic' while French Prime Minister François Bayrou has likened it to an act of 'submission' (European Commission, 2025e; Leali, 2025).

Though the full economic and social impacts of the deal remain to be seen, a chorus of critics including the European Policy Centre have suggested it will leave core industries including pharma, steel and aluminium 'in the dark or by the wayside' (European Policy Centre, 2025). It has also been widely suggested that the European Commission will inevitably be forced to act to compensate industries for tariff-related losses, confirming the tendency of EU social policy to become subsumed into a 'European industrial policy' while 'shift[ing] the burden of US tariffs from American consumers to European taxpayers' (CEPS, 2025). Recent comments (June 2025) by Social Rights Commissioner and Commission Vice President Roxana Mînzatu has likewise couched support for 'EU stability and social cohesion' in terms of 'the need to be better prepared for the economic headwinds that might come our way' – an oblique reference to the fallout from US tariff threats (European Commission, 2025f). Yet others see the dislocation and 'systemic chaos' created by Trump's trade wars as a 'wake-up call' to Europe and the moment to demand an ambitious reengagement with EU social policy from targeted support to affected sectors, regions and workers to a wider regional and community strategy to boost intra-European investment and the overall resilience of the EU economy (European Trade Union Institute, 2025).

1.2 From 'Europe 2020' to the European Pillar of Social Rights

When the then President of the European Commission José Manuel Barroso launched the 'Europe 2020' strategy in the wake of the Financial Crash of 2008-09, its supporters anticipated a much-needed 'watershed' in EU social policy (Mettler, 2010). Defined by headline targets relating to employment, research, climate, education and poverty, the Strategy promised a 'roadmap' to inclusive growth amidst the Eurozone's descent into a 'beggar-thy-neighbour cul-de-sac' of austerity politics (Frazer at al., 2010; Tilford, 2010). Over subsequent years, the 'social market' ethos of Europe 2020 was both mainstreamed into wider economic policy via the emphasis on 'inclusive growth' outlined in the 2013 Social Investment Package while also taking sharper focus in instruments such as the 2014 Youth Employment Initiative which targeted regions with youth unemployment above 25 per cent.

Yet for many, the headline targets of Europe 2020 only served to mask an increasingly scattergun dilution of EU social policy through the rightward shift of the European Commission under the presidency of Jean-Claude Juncker (2014-19). The launch of the European Pillar of Social Rights in November 2017 was thus greeted as a 'dead letter' by critics who could reasonably claim social policy appeared to have been deprioritised in practice (Anderson, 2021). This perception gained further credibility amidst a conscious blurring of EU social policy into wider metrics of human development evident since the EU's foregrounding of the UN Sustainable Development Goals 2030 agenda in 2019 (European Commission 2019c). As European economic conditions have improved, a gradual slippage in the conceptualisation and articulation of EU social policy has been mirrored in the ultimately mixed record of the Strategy itself; concluding in July 2021, the EU failed to meet its Europe 2020 aim of lifting 20 million people from the risk of poverty and social exclusion.

As the Strategy approached its conclusion, a new European Commission under the presidency of the former German defence minister Ursula von der Leyen took office seeking to prioritise a 'geopolitical Commission' focused on security, digitalisation and climate. Tellingly, a January 2020 European Parliament primer entitled *The von der Leyen Commission's priorities for 2019-2024* failed to use the phrase 'social Europe' whatsoever, spurring many European policy experts to apprehend an imminent 'end of social Europe' (Graziano and Hartlapp, 2019; European Parliament, 2020). Yet The impact of Covid 19 from the first quarter of 2020 altered this situation markedly as Member States and the European Commission developed a set of emergency initiatives designed to meet the unprecedented social and economic challenges posed by the pandemic. The Porto Social Summit of May 2021 affirmed a revival of rhetoric around 'social Europe' as the overarching framework surrounding Covid mitigation in the wake of both the European Pillar of Social Rights Action Plan (EPSRAP), unveiled in March 2021, and the wider suite of measures being introduced in the EU's Strategic Agenda to 2024 (European Council, 2019; 2021b).

Throughout the first half of 2020, the size, conditionality and financing of what would become the European Recovery Plan and Fund, encompassing the Next Generation EU (NGEU) and broader MFF (Multiannual Financial Framework) investment packages, was characterised by significant contention among Member States before a compromise was reached in July 2020. The relaxation of fiscal disciplines under the Stability and Growth Pact from March 2020, compromises surrounding conditions attached to a balance of EU loans and grants, and most contentiously of all the issuance of a form of common debt through European Commission borrowing all marked degrees of divergence from past practices. Contrasts have been drawn between the EU's response to post-pandemic recovery and what the European Commissioner for Economy Paolo Gentiloni has obliquely referred to as 'the mistakes of the past' while reiterating in 2024 that going 'back to austerity ... would be a terrible mistake' (European Commission, 2020b; 2024b).

Against the backdrop of a crisis-induced transformation in EU policy-making and practice after 2020, the pre-Covid structure of European social policy assumed new life and purpose. This framework has its roots in the European's Commission 2017

White Paper setting out the future of the EU and the Economic and Monetary Union (EMU), which lead to the launch of the European Pillar of Social Rights (EPSR) that year to counter mounting claims that the Commission was uninterested in social policy as the Europe 2020 Strategy drew to a close. The Pillar articulates 20 key principles, structured around three categories: equal opportunities and access to the labour market; fair working conditions, and social protection and inclusion. In the transformed context of Covid-era EU policymaking, the next significant move relating to the EPSR came in March 2021 with the launch of the European Pillar of Social Rights Action Plan (EPSRAP) which provided a more detailed roadmap aimed at fulfilling the aspirations of the EPSR with a richer set of indicators provided through a 'Social Scoreboard'. However, as both trade unions and employer's groups noted, the Action Plan is non-legally binding while remaining subject to existing EU competencies and budgetary rules (European Trade Union Confederation, 2021; European Enterprise Alliance, 2021).

From the evolution of the Europe 2020 programme to the EPSRAP, policy experts have likewise highlighted a continuity in the long-term incongruence of EU social policies with the overriding structural constraints which characterise EU economic governance, particularly those relating to fiscal discipline (Crespy, 2017). What some have described as a putative 'socialisation' of EU policy-making through the mainstreaming of social policy into instruments like the European Semester remains hotly contested (Zeitlin and Vanhercke, 2018). For critics of this view, such integration merely obscures the fact that the EU's mandate in social affairs remains limited by inclination, and both successes and failures result from responsibility shared with Member States (Menéndez-Valdés 2017). Overall, it is clear that its implementation will require a commitment to its aims and actions not only at European level, but by Member States, social partners and governments at national and regional level (Menéndez-Valdés 2017).

Since the foregrounding of the EPSR in 2017, and particularly following the Action Plan from 2021, scholars of EU social policy have been forced to grapple with the contradiction that while 'Social Europe' has ostensibly returned to the European policy agenda, the most significant developments have occurred outside of its remit (Kilpatrick, 2023). Nowhere is this more evident than in the perception that EU social policy has taken most concrete form when subsumed into initiatives undergirding a renewed drive toward a European industrial policy defined by digital and green transitions; as the European Trade Union Institute has recently noted in its review of EU social policy in 2023: 'this social turn in EU policymaking is reflected in the efforts to cement workers' rights and increase corporate accountability in pursuit of a … green industrial policy' (Vanhercke et. al., 2024).

A leading example of this shift can be seen in the Directive on Transparent and Predictable Working Conditions (2019/1152). This Directive modernises existing obligations to inform each worker of his or her working conditions and aims to create new minimum standards to ensure that all workers, including those on atypical contracts, benefit from more predictability and clarity as regards their working conditions. Thus, each worker is intended to benefit from a set of provisions to reduce precariousness. While specialists have welcomed policy action over rhetoric, folding EU social policy into wider industrial agendas will arguably produce a clash of priorities. This is evident, for example, in the fact that the Directive on Transparent and Predictable Working Conditions does not address the worst forms of precariousness and does not prohibit zero-hours contracts (Piasna 2019).

The same combination of action and compromise is evident in relation to the Directive on Digital Platform Workers which was recently (October 2024) agreed by the European Council to strengthen protections for those working in the 'gig economy'; as the European Commission recognised in 2019 in relation to this sector, 'self-employed platform workers dependent …in precarious situations, appear to be the most vulnerable and least protected' (Kilhoffer et al., 2019). As Eurofound and the European Parliament's Committee on Employment and Social Affairs have recently emphasised, combating 'bogus self-employment' remains a prominent concern in this area as part of wider efforts to regulate 'big tech' with legislation including the Digital Services Act

(2020/825) and Digital Markets Act (2020/842) (Employment and Social Affairs Committee, 2021a; Eurofound, 2024b). Yet as critics of this process have rightly pointed out, tensions are likely to emerge between advancing workers' rights and the Commission's core institutional commitment to 'the competitive functioning of the digital economy' (Dufresne and Leterme, 2021).

An employment-related initiative more explicitly tied to the EPSR can be seen in the Directive on Adequate Minimum Wages (2020/682) which gives force to the Pillar's sixth principle concerning 'the right to fair wages' (European Commission, 2017). The Directive does not seek a uniform statutory minimum wage across the EU, but rather aims to establish certain prerequisites - such as minimum thresholds connected to gross wage rates, wage growth and purchasing power - for national minimum wages without prejudice to collectively-agreed minimum wages (Wixforth and Hochscheidt, 2021). While the ILO has noted a real increase in minimum wages in 23 of the 27 Member States (International Labour Organization, 2021), major inequalities in rates of increase have persisted as progress on the Directive was repeatedly stalled in the face of opposition on the basis of supposed EU 'overreach' (Eurofound, 2021a). By contrast, the launch in 2019 of the European Labour Authority charged with coordinating the enforcement of EU law on labour mobility has been criticised as a 'toothless tiger' due to the voluntary nature of Member states' participation and strengthening its mandate to 'tackle social dumping' has again risen to prominence during the 2024 Belgian European Council Presidency (Employment and Social Affairs Committee, 2018; European Council, 2024).

Another piece of policy conspicuous for its absence in the updated EPSR Action Plan was a proposed Eurozone unemployment insurance scheme of the kind first proposed by the German economist Sebastian Dullien (2007). The von der Leyen Commission indicated this would ultimately come to succeed pandemic income support measures including the Support to mitigate Unemployment Risks in an Emergency (SURE) fund, urging in 2020 that the latter 'should be seen as an emergency operationalisation of a European Unemployment Re-insurance Scheme' (Vandenbroucke et al. 2020). As a recent review of EU social policy has noted however, 'the debate about a follow-up to SURE and unemployment re-insurance has almost stopped among policy makers' and it remains unclear if the new Commission will regard it as a priority (Fischer, 2024).

Other recent measures, including the Work Life Balance Directive (2019/1158), represent a more obviously incremental advance on foundational European social legislation dating back to the Maternity Leave Directive (92/85) and Working Time Directive (2003/88). Taken together with the von der Leyen's Commission's Gender Equality Strategy 2020-2025 and the Child Guarantee, the Work Life Balance Directive advances exiting priorities around labour market activation to provide a firmer EU framework addressing paternity leave, the introduction of carer's leave, flexible working arrangements for carers and the provision of formal care services. While some advocates have likened this to an 'emerging right to care in the EU' (Caracciolo di Torella, 2017), critics have pointed to the lack of European thresholds on payments and employment conditionalities surrounding worker access to the carer benefits (European Women's Lobby, 2019).

The EPSR and its concomitant initiatives in the areas of employment regulation, like the Social Investment Package before it, aim in principle for quality employment for those who can work and for resources sufficient to live in dignity for those who cannot (European Commission, 2013a). As *Social Justice Ireland* and other civil society organisations have argued however, a more direct and robust approach to EU social policy will be required to ensure the engagement of all sectors of society in decision-making processes, something that is essential for the kind of partnership that is required to address the current challenges.

As Europe faces a panoply of global shocks, the spectre of retrenchment in terms of monetary and fiscal 'normalisation' has emerged in the face of tight labour markets and rising inflation (European Commission, 2022b). Active in 2025, the EU has introduced new fiscal rules to update the existing Stability and Growth Pact's Excessive Deficit

Procedure which eases some fiscal disciplines while likely demanding 'ambitious fiscal adjustments from high-debt countries'. In the wake of a potential debt crisis affecting France in autumn 2025, it is likely the question of continuity with fiscal rules at EU-level will remain shrouded in a degree of pragmatic 'ambiguity' framed by the ongoing realities of political polarisation, social and environmental insecurity and geopolitical instability (Darvas et al., 2024).

With this wider global context in mind, the remainder of this report details the scale of the task at hand for those seeking a more genuinely humane, inclusive, equitable and sustainable model of renewal for the EU.

1.3 This Report

When the experts who are part of the European Social Policy Network assessed the implementation of the Social Investment Package in EU Member States, they found its implementation to be very limited (Bouget et al., 2015). These experts grouped countries of the EU into the following three categories as to how they perform relative to social investment:

- **Group 1**: Has well established social investment approach to many social policies; tend to have good linkages between different policy areas when addressing key social challenges;
- **Group 2**: Still to develop an explicit or predominant social investment approach, while showing some increasing awareness in a few specific areas; and
- **Group 3:** Social investment approach has not made many significant inroads into the overall policy agenda.

The first group includes mainly Nordic and central European countries while the third grouping includes mainly newer accession countries from Eastern Europe along with some southern countries. See **Table 2**. We set out these groupings here as we will return to this categorisation in later sections of this report as we review the performance of countries under a number of social indicators.

Table 2 Social Investment: EU Countries And Main Policy-Making Trends

Groupings	Countries	
Group 1: Has well established social investment approach to many social policies; tend to have good linkages between different policy areas when addressing key social challenges	Austria Belgium Germany Denmark Finland	France Netherlands Sweden Slovenia
Group 2: Still to develop an explicit or predominant social investment approach, while showing some increasing awareness in a few specific areas	Cyprus Spain Ireland Luxembourg	Hungary Malta Poland Portugal
Group 3: Social investment approach has not made many significant inroads into the overall policy agenda	Bulgaria Czechia Estonia Greece Croatia	Italy Latvia Lithuania Romania Slovakia

Source: Three groups defined by European Social Policy Network; this report also acknowledges the line between the groups is not always a sharp one (Bouget et al., 2015).

Social Justice Ireland advocates that every person should have seven core rights that need to be part of the vision for the future: the right to sufficient income to live with dignity, to meaningful work, to appropriate accommodation, to relevant education, to essential healthcare, to real participation, and the right to cultural respect. See **Table 3**. *Social Justice Ireland* believes that deliberative processes are crucial to the future of Europe founded on the idea of deliberative democracy in which decisions are made based on evidence-based and enlightened debate in which decisions taken are justified and accessible to the public.

Table 3 Social Justice Ireland - Seven Core Rights

Seven Core Rights						
sufficient income to live with dignity	meaningful work	appropriate accommodation	relevant education	essential healthcare	real participation	cultural respect

This report is intended to be complementary to another published annually by *Social Justice Ireland* in which we track Ireland's progress in a European context in reaching the Sustainable Development Goals (over the short and long term) (see Clark et al., 2024,2025).

In **Sections 2** to **4** of this report, we will discuss issues relevant to the realisation of some of the above rights by looking at social indicators under the headings of poverty and social exclusion, employment/unemployment, and services in health and in education. We will also look at how countries compare in respect of total taxation[1] (**Section 5**). Throughout the report we will review how countries perform under some of these headings relative to their social investment ranking outlined in **Table 2**. We will then set out some alternative approaches to policy-making in **Section 6,** and finish by drawing some conclusions and making some recommendations in **Section 7.**

[1] That is, taxes on production and imports, income and wealth, capital taxes, and compulsory social contributions paid by employers and employees

Chapter 2

2 Poverty, Social Exclusion and Income Inequality

Social Justice Ireland includes the right to sufficient income to live with dignity amongst its list of core rights that need to guide policy-making in the future. (For the full list, see **Table 3**). This is consistent with the Global Goals for Sustainable Development which involve a commitment to 17 Global Goals (also known as Sustainable Development Goals or SDGs) with targets that include ending poverty and fighting inequality, as well as tackling climate change. *Social Justice Ireland* argues for these goals to be at the core of policy-making in the years ahead.

In March 2021 the EU set a target as part of the European Pillar of Social Rights Action Plan (EPSRAP) to reduce the number of Europeans living in or at risk of poverty or social exclusion by 15 million by 2030, building on previous targets set as part of the Europe 2020 strategy. In this section, we take this as starting point by referring to how Europe has progressed in relation to these targets and we will also look at some further indicators of poverty as well as impacts on certain groups. We will finish this section by looking briefly at income inequality and financial distress.

2.1 Poverty and Social Exclusion and other Measures

First it is necessary to refer to the issue of how poverty is defined. Used in the Europe 2020 strategy and current EPSRAP, the indicator, 'poverty or social exclusion' is based on a combination of three individual indicators – an income measure which is related to the median income of each country, a measure of a lack of resources and a work-exclusion measure. Specifically, these take the form of the following three indicators:

(1) **people who are at risk of poverty** - people with an equivalised disposable income below the risk-of-poverty threshold set at 60 per cent of the national median (or middle) equivalised disposable income (after social transfers) (Eurostat, ilc_li02)[2]

(2) **people experiencing material and social deprivation** - have living conditions severely constrained by a lack of resources; they experience at least 4 out of a list of 9 deprivation items (See **Glossary** for the full list) (Eurostat, ilc_mdsd07); or

(3) people living in households with very low work intensity - those aged 0-59 living in households where the adults (aged 18-59) work less than

[2] The 60 per cent threshold is adopted in the Europe 2020 Strategy. It is also possible to examine incomes below other thresholds such as 40 per cent, 50 per cent or 70 per cent.

20 per cent of their total work potential during the past year (Eurostat, ilc_lvhl11).

The combined 'poverty or social exclusion' indicator corresponds to the sum of persons who are at risk of poverty or materially and socially deprived or living in households with very low work intensity. Persons are only counted once even if they are present in several sub-indicators. It is also possible to examine each of the indicators separately and we will do so in this report. In **Table 4** we set out a summary of the position relative to each of these indicators (using 2010 as a baseline and giving information from 2017 to 2023), and we discuss each of them further below. Sometimes there can be diverging trends among the three sub-indicators because of their different nature and the three related but distinct concepts of poverty they represent. The **Glossary** at the back of this report contains more detailed definitions of the indicators used in the EU 2020 Strategy and EPSRAP.

The dynamics of poverty (poverty over time) is an important dimension of measurement, including issues around probability of exiting and entering poverty in different groups of the population (Vaalavuo, 2015). Results show great variations between countries even when those countries have similar at risk of poverty rates; there are also differences between age groups in the patterns of poverty exit and entry. However, as these dynamic measures are not widely used yet in Europe we focus on the most commonly used measures.

Chapter 2

Table 4 People Experiencing Poverty, EU-27, 2010, 2017 to 2023

Poverty Indicators								
	People at risk of poverty or social exclusion		People at risk of poverty (60% threshold)		Material and Social Deprivation		Households with very low work intensity	
EU-27	**Number**	**%**	**Number**	**%**	**Number**	**%**	**Number**	**%**
Total population								
2010**	103.7m	23.9	71.5m	16.6	38.7m*	8.9*	32.8m	9.9
2017	98.1m	22.4	74.1m	16.9	33.0m	7.8	30.4m	9.4
2018	95.1m	21.7	73.8m	16.8	30.2m	7.1	28.1m	8.8
2019	92.2m	21.1	72.1m	16.5	28.0m	6.7	26.5m	8.3
2020	94.8m	21.6	73.3m	16.7	29.0m	6.8	27.7m	8.7
2021	95.4m	21.7	73.7m	16.8	27.1m	6.3	29.6m	9.3
2022	95.3m	21.6	72.7m	16.5	28.9m	6.7	27.2m	8.6
2023	94.4m	21.3	71.7m	16.2	29.3m	6.8	26.3m	8.3
Children (under 18)								
2010**	22.2m	27.3	17.2m	21.1	8.4m*	10.3*	6.6m	8.2
2017	20.4m	25.1	16.3m	20.0	7.4m	9.3	6.2m	7.7
2018	19.3m	23.9	15.8m	19.6	6.5m	8.2	5.7m	7.0
2019	18.3m	22.8	14.9m	18.5	5.9m	7.5	5.2m	6.5
2020	19.4m	24.0	15.5m	19.2	6.7m	8.3	6.2m	7.7
2021	19.6m	24.4	15.7m	19.5	6.0m	7.5	6.7m	8.4
2022	20.0m	24.7	15.6m	19.3	6.7m	8.4	6.2m	7.7
2023	20.0m	24.8	15.6m	19.4	6.6m	8.4	6.1m	7.6
Older people (over 65s)								
2010**	14.9m	19.8	11.5m	15.3	5.6m*	7.5*	n/a	n/a
2017	15.6m	18.5	12.4m	14.7	5.5m	6.8		
2018	16.5m	19.1	13.3m	15.5	5.5m	6.7		
2019	16.9m	19.4	13.9m	16.1	5.4m	6.5		
2020	17.9m	20.1	15.3m	17.1	4.8m	5.6		
2021	17.7m	19.5	15.2m	16.8	4.7m	5.3		
2022	18.5m	20.2	15.9m	17.3	4.9m	5.5		
2023	18.4m	19.6	15.7m	16.7	5.0m	5.5		

Source: Eurostat Databases: ilc_peps01n, ilc_li02, ilc_mdd11, ilc_mdsd11, ilc_lvhl11.
* Refers to 'Severe Material Deprivation' Eurostat Database ilc_mdd11.
** Rates for 2010 relate to the EU-27 (current composition).

In previous reports in this series, we concluded that, having set targets to reduce poverty and promote inclusion in 2010 in the Europe 2020 Strategy, EU Member States diverged sharply over subsequent years in reaching those targets. The **risk of poverty or social exclusion rate** (the combined indicator of poverty used in Europe 2020 and EPSRAP) increased between 2008 and 2012 and again between 2018 and 2021. It has improved since then but there are also a number of issues, which this report will highlight. Our main focus is on recent years, especially the period between 2022 and 2023 (2023 being the latest year for which comparable rates are available across Europe).

The risk of poverty or social exclusion rate has improved each year since 2021 but stands at 21.3 per cent in 2023 (EU-27), still representing one in five Europeans, and amounting to over 94.4 million people (Eurostat online database code ilc_peps01n). Between 2015 and 2019 the rate dropped by 2.9 per centage points from 24 per cent to 21.1 per cent (-12.7 million people), which is welcome. Between 2019 and 2022, however, a quarter of this ground was lost with an increase to 21.6 per cent affecting an additional 3.1 million people. In the thirteen years since 2010, Europe has reduced this number by just 9.3 million people and has thus signally failed to meet the reduction target of 20 million by 2020.

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 from the spring of 2020, the fruits of several years of growth in the EU had 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 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 economic crisis. Aggravating these social and economic fissures, the Covid-19 crisis widened and deepened inequalities between social groups in income, employment, housing and health (Eurofound, 2022). This report explores the wider contexts and trends which frame the prospects for a social Europe amidst ongoing cost-of-living, climate and geopolitical crises, highlighting the structural roots of problems the pandemic served to reveal and worsen.

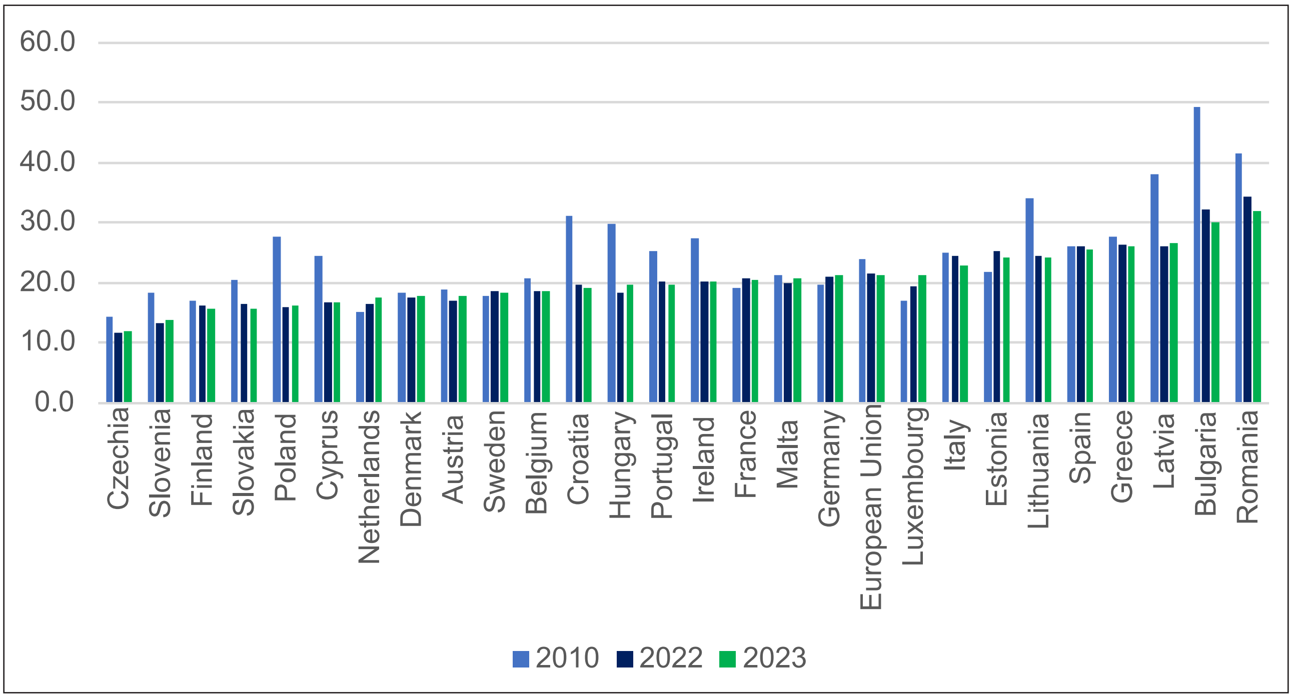
Part of this wider context includes the reality that some population groups (notably people with disabilities, people with a migrant background and ethnic minorities) are more vulnerable than others in terms of access to education, services and the labour market, which in turn has translated into poorer employment outcomes, lower well-being and a higher risk of poverty and social exclusion (European Commission, 2019a). Eurostat (2019a) also highlights how some groups face a higher risk of poverty and social exclusion; these include single households, migrants and people with lower education levels as well as their children.

The most recent Eurostat (2025a) report monitoring progress towards the SDGs in an EU context suggests that 27.5 million (29 per cent) of all people at risk of poverty or social exclusion were affected by more than one dimension of poverty in 2023 (looking at the three dimensions of poverty that the Europe 2020 Strategy measures - see above). In total, 5.5 per cent were affected by all three forms which have been falling at differential rates, with income poverty only beginning to do so since 2016. Simultaneously, the share of those affected by only one dimension of poverty has decreased, which means that, despite the favourable decrease in the overall share of people at risk of poverty or social exclusion, the depth of hardship for those affected has increased slightly (Eurostat, 2025).

In 2023, the highest rates of poverty or social exclusion were to be found in Romania and Bulgaria where the rates were at or above 30 per cent. In three other countries (Latvia, Greece, Spain) the rate was over 25 per cent. The lowest rates were found in Czechia (12 per cent), Slovenia (13.7 per cent), Finland (15.8 per cent) and Slovakia (also 15.8 per cent). Thus, Czechia, Slovenia and Slovakia achieve a comparably high degree of prevention of poverty or social exclusion, despite historically below-average GDP per capita within the EU 27, highlighting the importance of the social policies pursued (see Schraad-Tischler, 2015; Schraad-Tischler et al., 2017).

Even though there have been improvements in the most recent year in some countries with typically high rates, there continues to be great divergence between countries. For example, there was a difference of 20 percentage points between the country with the highest rate (Romania at 32 per cent) and that with the lowest (Czechia 12 per cent) (Eurostat, code: ilc_peps01n). See **Figure 1.**

Figure 1 People at Risk of Poverty or Social Exclusion (%), EU-27, 2010, 2022 and 2023



Source: Eurostat online database code: ilc_peps01n.
Note: EU average rate for 2010 relates to the EU27 (current composition).

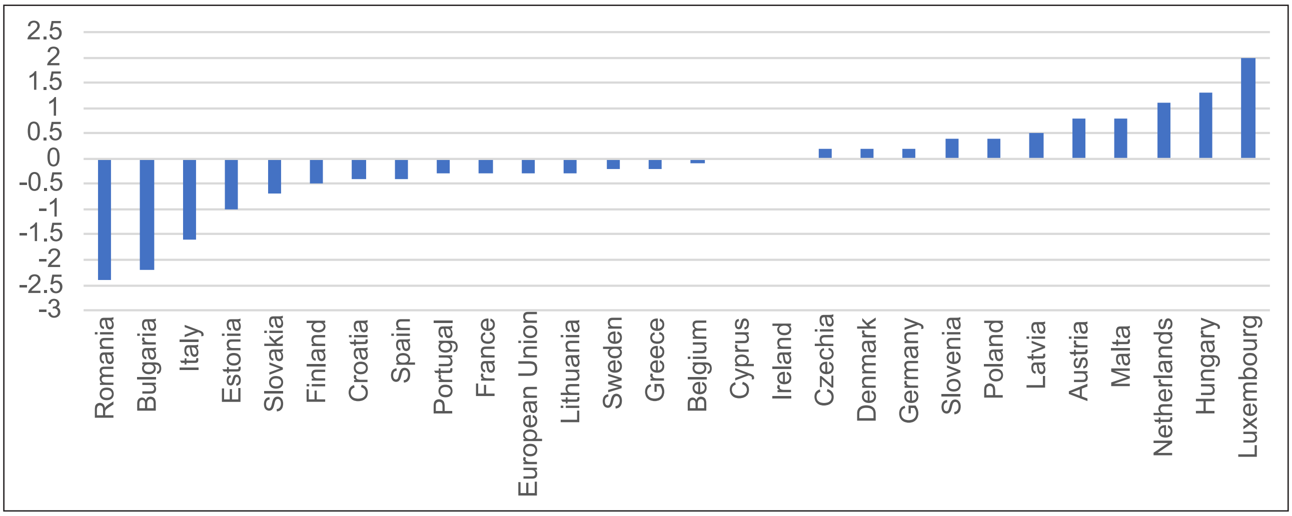
Figure 2 illustrates the changes in the poverty or social exclusion rates amongst EU countries between 2022 and 2023. Disimprovements were observed in several countries including, notably, in some countries with traditionally relatively low rates such as the Netherlands, Austria and Slovenia (Eurostat ilc_peps01n). The greatest improvements (between -2.2 and -2.4 percentage points) occurred in Romania and Bulgaria.

Turning for a moment to the review that we referenced in **Section 1, Table 2**, above, of the extent to which countries take a social investment approach in their policies (Bouget at al 2015), we can also review the performance of countries in preventing poverty or social exclusion, in light of how well they are constituted in relation to social investment. All of the countries that are in Group 1 for social investment (identified by the European Social Policy Network as having a well-established approach to many social policies) and set out in **Table 2** are ranked better than the EU average in terms of protecting people from poverty or social exclusion. These countries are Austria, Belgium, Denmark, Finland, France, Netherlands, Sweden, Slovenia and Germany. In 2023 however, the latter remains only marginally below the EU average marking a decline since the European Union Statistics on Income and Living Conditions (EU-SILC) commenced compiling data in 2005.

When it comes to how the ten countries that are in Group 3 in relation to social investment (that is, the social investment approach that has made the *least* inroads into the overall policy agenda), it appears that in 2023 (consistent with prior years), seven of them have above average rates of poverty or social exclusion and several have the highest rates of poverty or social exclusion (Romania, Bulgaria, Greece, Latvia, Italy, Lithuania and Estonia). From this Group 3 (with the least developed social investment approach), only Czechia, Croatia and Slovakia achieve rates of poverty or social exclusion lower than the EU-27 average.

Chapter 2

Figure 2 At Risk of Poverty or Social Exclusion, EU-27, Percentage Point (PP) Change in Rate, 2022 to 2023



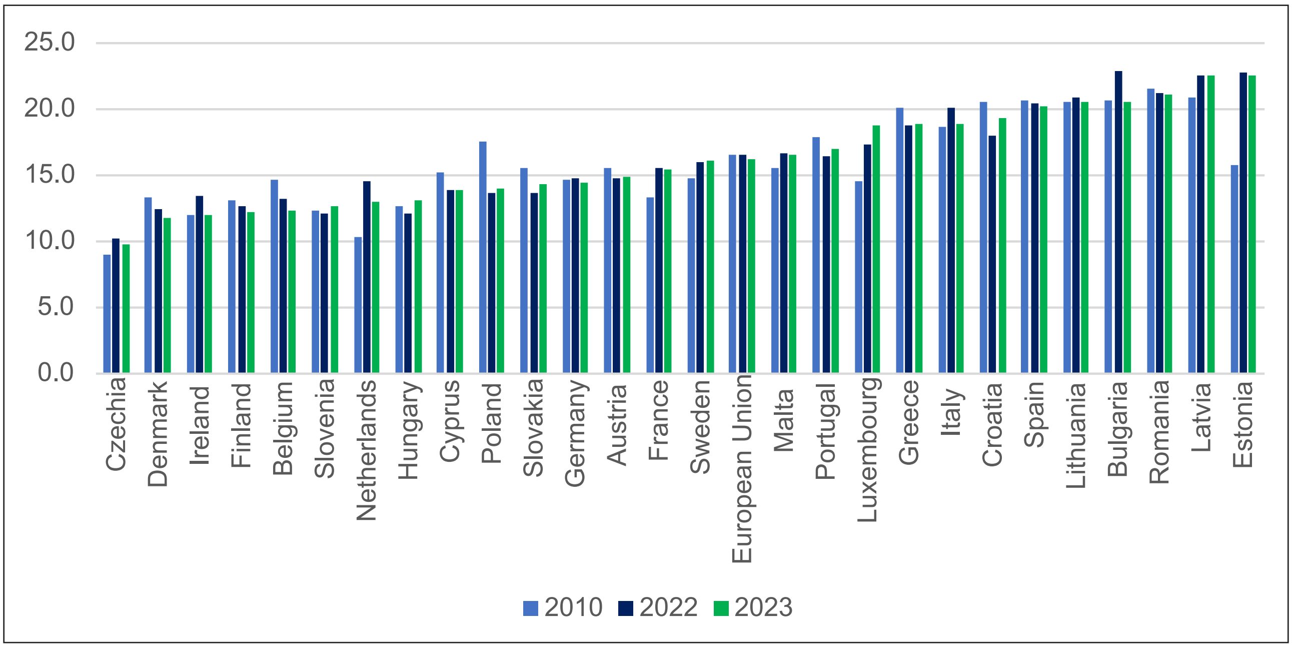
Source: Eurostat online database code: ilc_peps01.

As we discussed in previous reports, Czechia has been considered, in a Europe-wide review of social justice, to demonstrate middling economic performance, but to be relatively more effective at delivering fairness in society, illustrating how social policy plays a critical role in achieving social justice (Schraad-Tischler, 2015). Slovakia is considered to do relatively well in terms of protecting its population from poverty because of its comparatively even income distribution patterns (Schraad-Tischler 2015). Slovenia is considered to be showing incremental improvement on delivering social justice and to be performing comparatively well on policies affecting children and youth (see Schraad-Tischler 2015: Schraad-Tischler et al 2017), which we come to below.

We turn now to look at the **risk of poverty rate**, a relative income measure representing a percentage (in this case 60 per cent) of the median income in a given country and the most commonly agreed measure of poverty across Europe prior to the adoption of the 2020 Strategy. In 2023, 16.2 per cent of the population (EU-27) was living at risk of poverty (over 71.7 million people). The rate was marginally lower than the 2022 average rate (16.5 per cent) (Eurostat online database, code ilc_li02) although fluctuations in this rate occur relative to median income so they can increase when incomes increase. However, the 2023 rate remains within a single percentage point of that in 2010, with more people affected in 2023 than in 2010 (in 2010 the rate was 16.6 per cent, affecting 71.5 million people EU-27) (Eurostat online database, code ilc_li02). See **Table 4.**

There was a large divergence between member states with a 12.7 percentage point difference between the highest rate (Estonia, 22.5 per cent) and the lowest (Czechia, 9.8 per cent). See **Figure 3**.

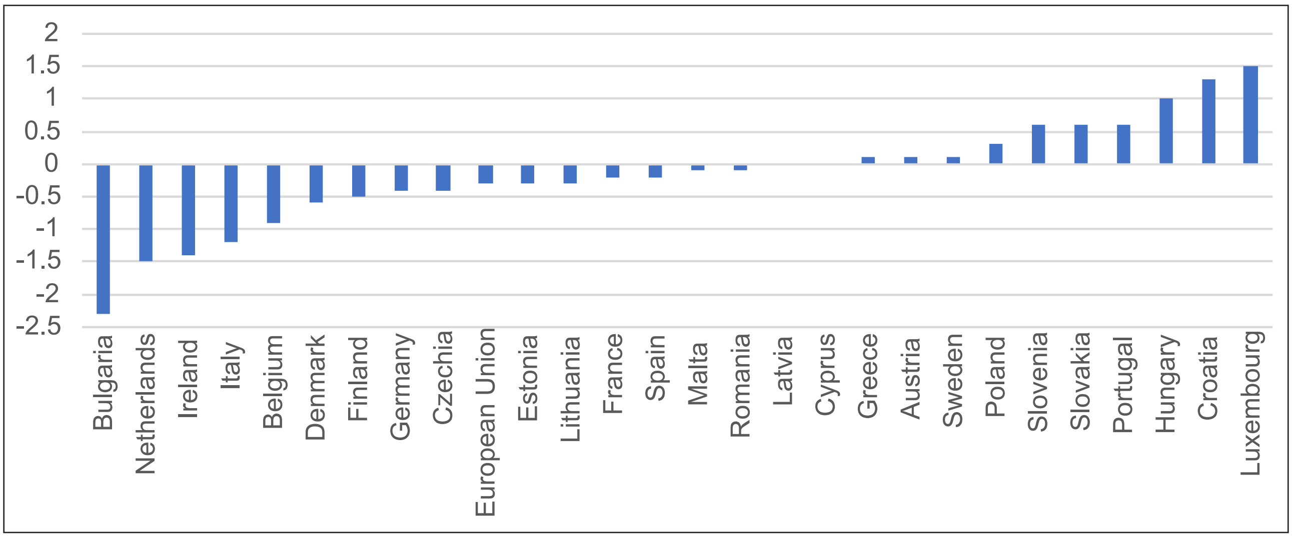
Figure 3 People at Risk of Poverty (%), EU-27, 2010, 2022 and 2023



Source: Eurostat online database code: ilc_li02.
Note: EU average rate for 2010 relates to the EU27 (current composition).

Figure 4 shows the percentage point changes in the risk of poverty rates between 2022 and 2023 for EU-27 countries. The risk of poverty indicator rose in several countries and not only amongst the countries with traditionally high rates. The rate has increased most in Luxembourg (+1.5 percentage points), Croatia (+1.3 percentage points), Hungary, Portugal, Slovakia, Slovenia, Poland, Sweden, Austria and Greece. The most significant decreases occurred in Bulgaria, Netherlands, Ireland and Italy (all improved by 1 percentage point or more).

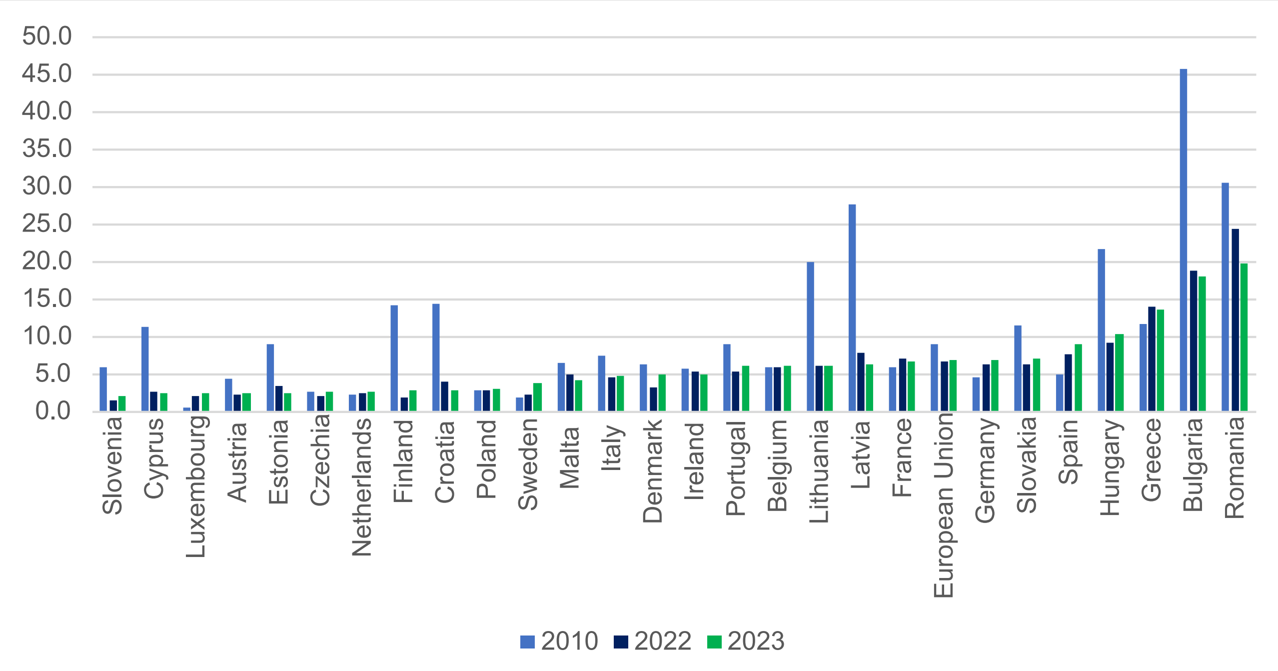
Figure 4 Risk of Poverty, EU-27, Percentage Point (PP) Change in Rate 2022 to 2023



Source: Eurostat online database code: ilc_li02.

We can also look at countries' performances on the risk of poverty indicator in light of how well they perform in relation to social investment and set out in **Table 2**, in **Section 1**. We find that all of the countries in **Group 1** for social investment (identified by the European Social Policy Network as having a well-established approach to many social policies) remain below the EU average in terms of those at risk of poverty. By contrast, several countries with the least developed social investment have the highest rates of poverty (including Estonia, Latvia, Romania, and Lithuania)

Figure 5 Material and Social Deprivation Rate (%), EU-27, 2010, 2022 and 2023



Source: Eurostat online database, code ilc_mddd11, ilc_mdsd07.
Note: EU average rate for 2010 relates to the EU27 (current composition).

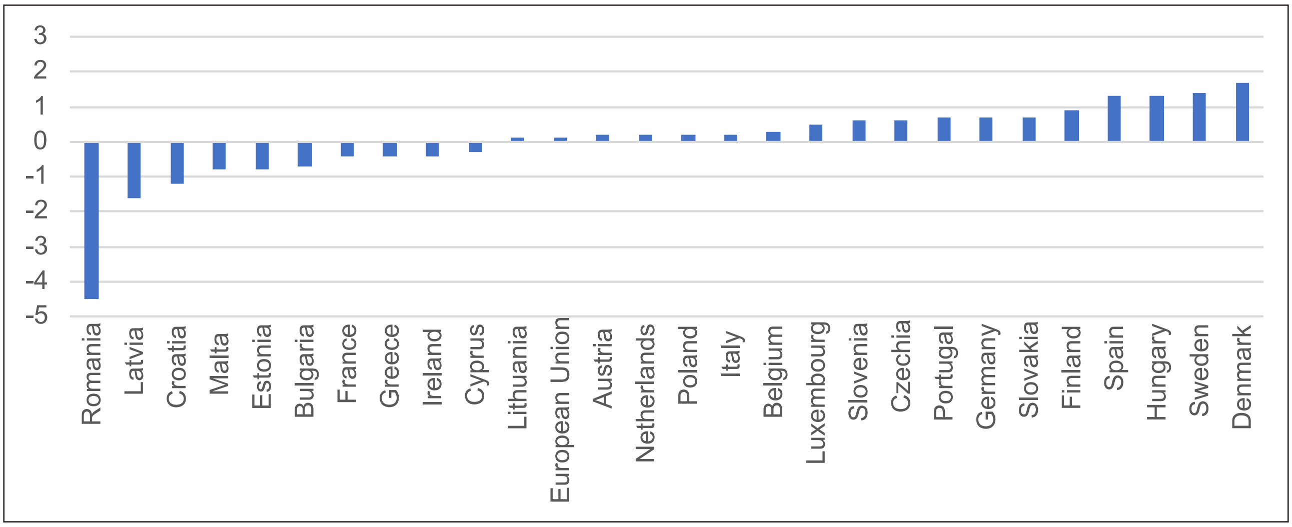
Materially and Socially deprived people have living conditions severely constrained by a lack of resources (see **Glossary** for a list of the resources that are taken into account). As we reported in previous reports in this series, following 2008 some substantial increases occurred in this indicator. The numbers affected increased each year between 2008 and 2012 (Eurostat online database, code Ilc_mddd11). The average EU-27 rate of material and social deprivation was 6.8 per cent in 2023, up from a rate of 6.7 per cent in 2022. This markedly negative development has partly reversed improvements in recent years.

Figure 5 shows a good deal of divergence across EU-27 in relation to material deprivation, with very high levels in some countries, particularly amongst the newer members of the union, and very low rates in other countries. The rates in 2023 were highest in Romania, Bulgaria, Greece and Hungary; lowest in Slovenia, Cyrus, Luxembourg and Austria.

Figure 6 shows that the rate fell in two fifths of member states (10 of 27) between 2022 and 2023. This is welcome. However, there was also deterioration in several countries including in Sweden, Finland and Czechia and where rates have traditionally been relatively low.[3]

[3] From 2020 on, the EU-Labour Force Survey has been integrated into the newly designed German micro-census as subsample, causing a break in the data series for Germany. See: https://ec.europa.eu/eurostat/documents/10186/6246844/LFS-2020-Note-on-German-data.pdf

Figure 6 Material and Social Deprivation, Percentage Point (PP) Change in Rate, 2022 to 2023



Source: Eurostat online database, code ilc_mdsd07.

The third and final measure of poverty that we review - called **Very Low Work Intensity** – is used in the Europe 2020 strategy and ESPRAP to measure labour market exclusion. It takes account of those aged 0-59 living in households where the adults (aged 18-59) work less than 20 per cent of their total work potential during the past year. In the previous report in this series we reported on the very significant increases in this measure from 2010, something related to very great increases in unemployment. In 2023, the rate fell for 15 of the 27 EU member states while the highest rates were found Spain, Slovakia, Romania and Portugal (Eurostat, code ilc_lvhl13).

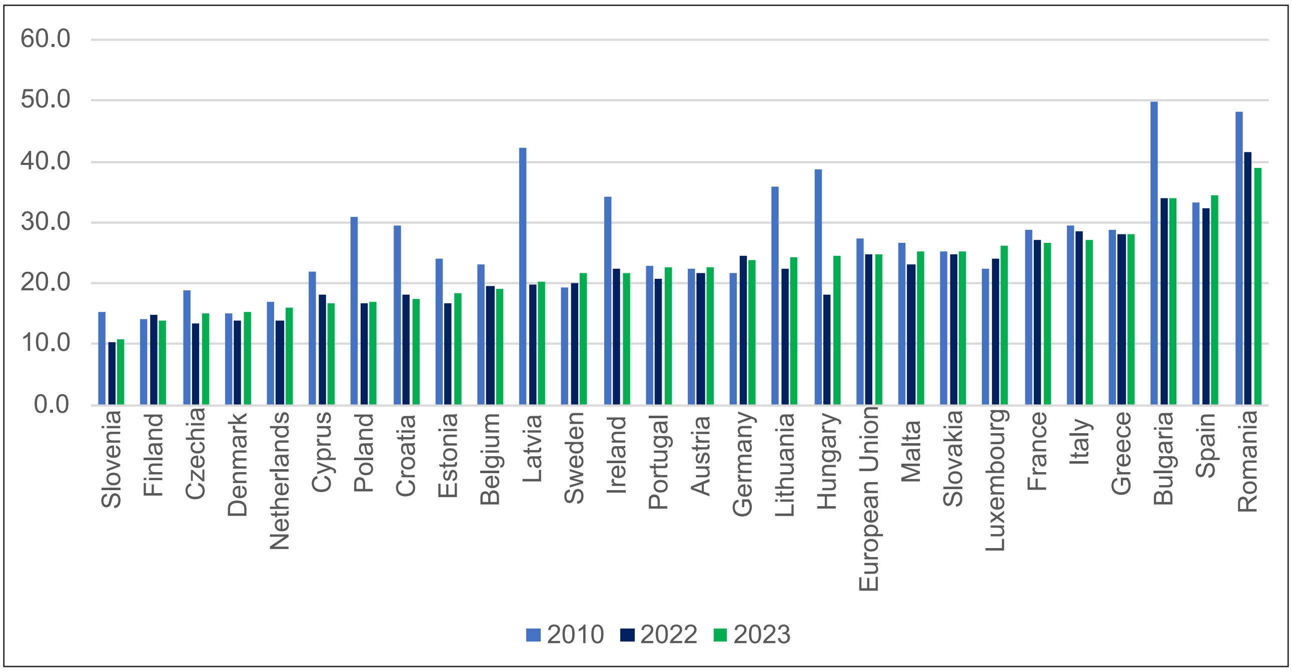
2.2 Poverty and Social Exclusion and other Indicators – Specific Groups

In this section we will look at some groups in more detail, again using the poverty measures that are most used at European level.

Children - Children were strongly affected by the economic crisis and the rate of poverty or social exclusion they experience continues to be higher than for the general population. Thus, when we look at the position of children (under 18), those who are considered to be **at risk of poverty or social exclusion** numbered 20.0 million in 2023 or 24.8 per cent (EU-27 average) (Eurostat online database, code ilc_peps01n). This reflects a worsening pattern evident since 2019 when the average rate was 22.8 per cent. This has partly offset progress since 2015, when the average rate (26.5 per cent, EU-27) remained the same as it had been in 2008, before the crisis (26.5 per cent, 2008 rate, EU-27). Thus, while some improvement has occurred in the situation of children over recent years, the recent social and economic fallout from the Covid-19 pandemic has seen increasing numbers of children affected.

There is great divergence in the rates across the EU. The highest rates are in Romania, Spain, Bulgaria, Greece and Italy (2023). The lowest rates are in Slovenia, Finland, Czechia and Denmark. See **Figure 7**. Despite improvements in recent years, in some countries the percentage of children affected is very high indeed at over 30 per cent in Romania, Spain and Bulgaria followed by Italy (28.5 per cent) and Greece (28.1 per cent). 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.

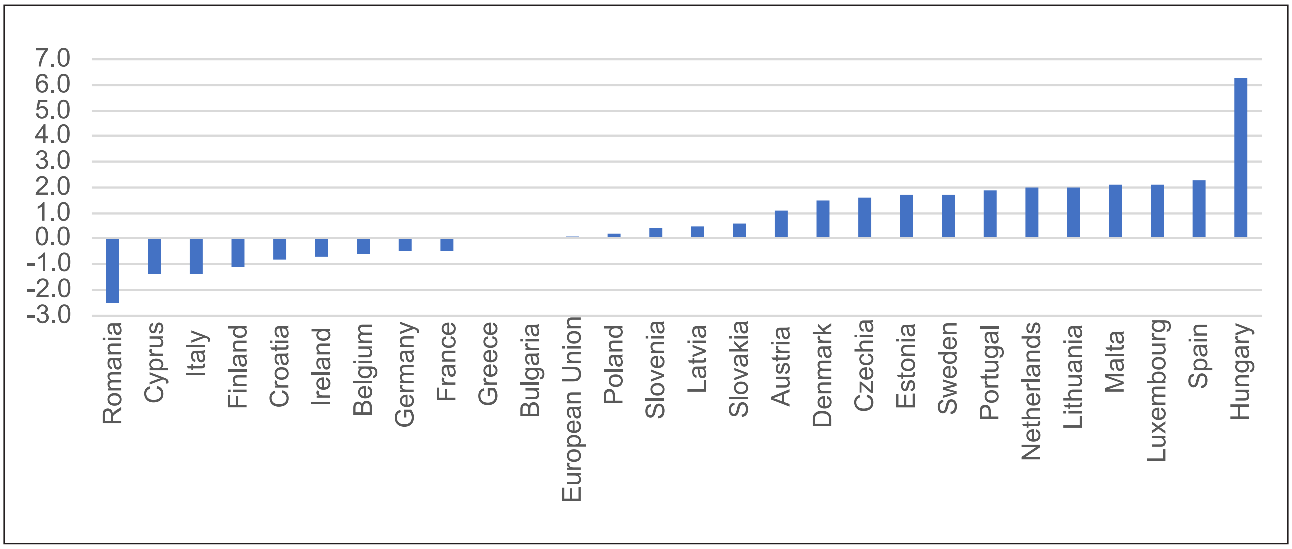
Figure 7 Children (u 18): Poverty or Social Exclusion Rate (%), EU27, 2010, 2022 and 2023



Source: Eurostat Online Database ilc_peps01n.
Note: EU average rate for 2010 relates to the EU27 (current composition).

Figure 8 shows the percentage point changes in the rates of member states between 2022 and 2023. The greatest disimprovement occurred in Hungary (with an outsized increase of 6.3 percentage points) followed by Spain, Luxembourg, Malta, Lithuania, Netherlands, Portugal and Sweden. The country showing the greatest improvement was Romania.

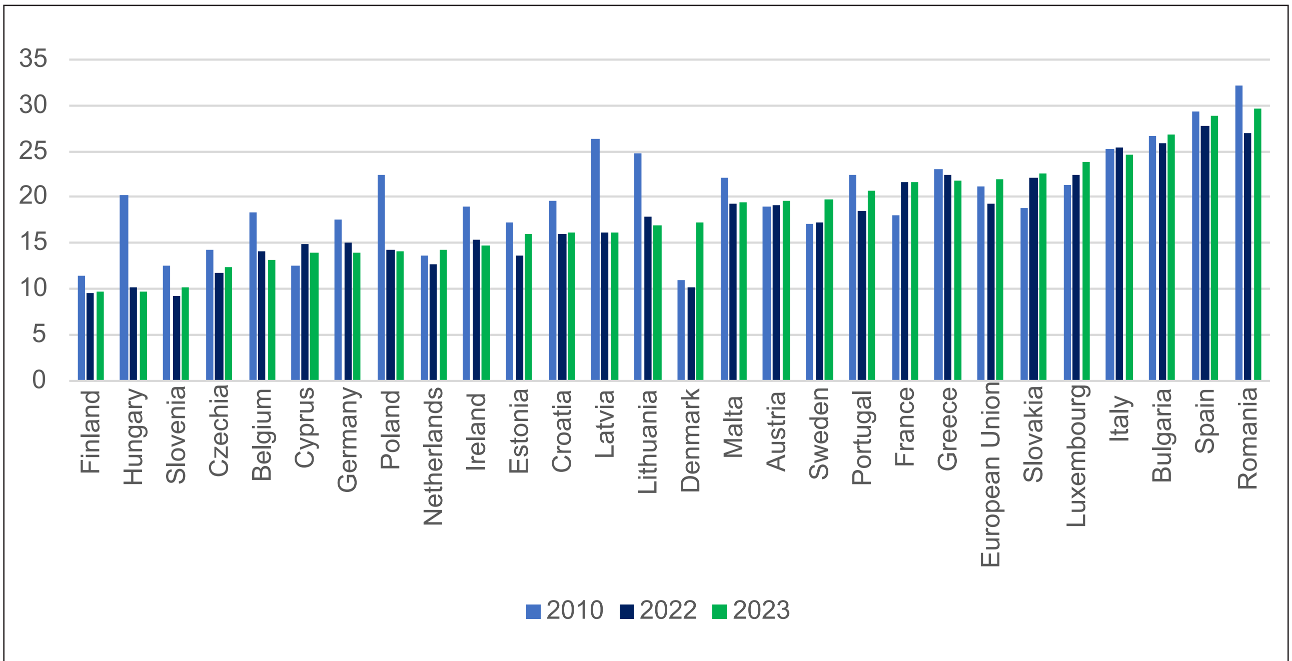
Figure 8 Children: Risk of Poverty or Social Exclusion, PP Change in Rate 2022 to 2023



Source: Eurostat Online Database ilc_peps01n.

Taking the second indicator, children who are **at risk of poverty** (a measure of income poverty), they numbered almost 15.6 million and the rate was 19.4 per cent (an increase on the 2022 rate of 19.3 per cent) (Eurostat online database, code ilc_li02). Reflecting patterns which have failed to meaningfully change since the aftermath of the financial crash of 2008-2009 (the 2010 rate was 20 per cent), one fifth of Europe's children continue to live in situations of income poverty (that is, below the 60 per cent threshold of median income in their countries).

Figure 9 Children (u 18): Risk of Poverty Rate (%), 2010, 2022 and 2023



Source: Eurostat online database, code ilc_li02.
Note: EU average rate for 2010 relates to the EU27 (current composition).

As **Figure 9** shows, in 2023, the rates were highest in Romania (29.6 per cent), Spain (28.9 per cent) and Bulgaria (26.9 per cent), Italy (24.7 per cent), Luxemburg (23.9 per cent) and Slovakia (22.6 per cent). Rates were lowest in Finland and Hungary (both with rates below 10.0 per cent). Again, there are large divergences between countries. The greatest improvements in risk of poverty amongst children occurred (2022-2023) in Germany followed by Belgium and Cyprus. The greatest disimprovements occurred in the Denmark, Sweden and Romania.

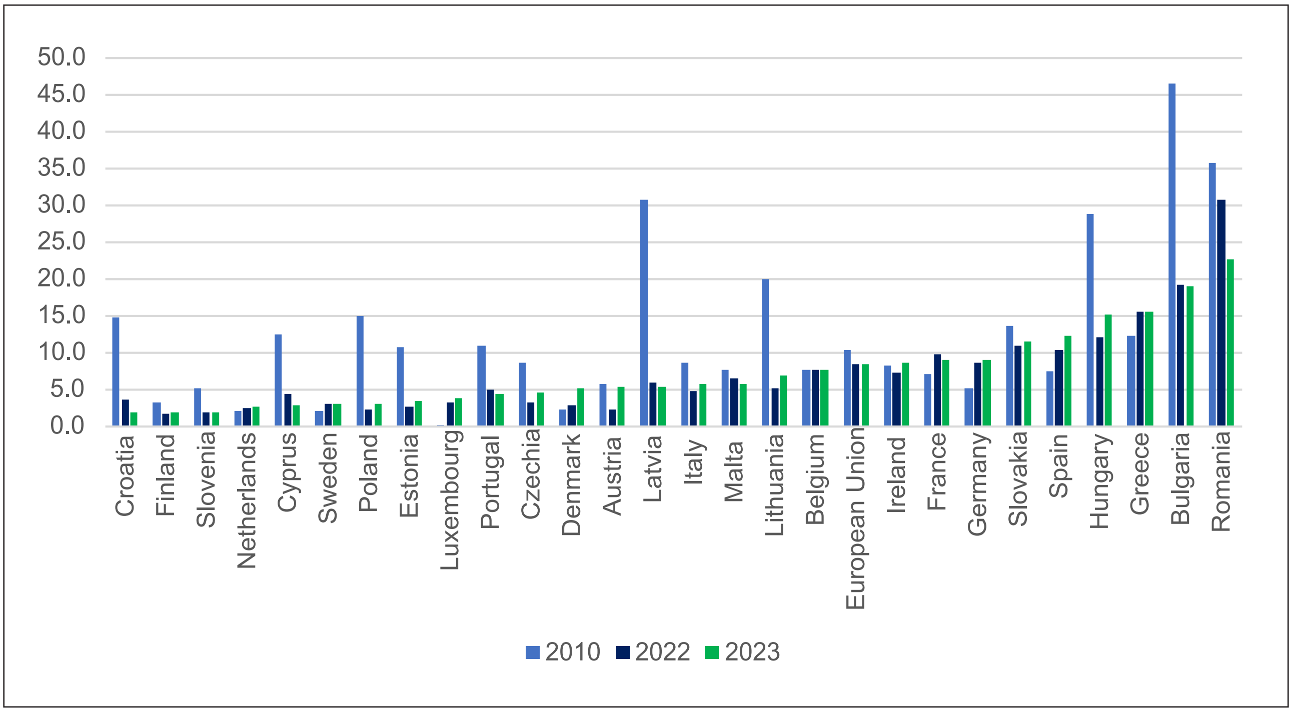
As the European Commission (2023a) notes, the proportion of children at-risk-of poverty varies considerably across the EU, as does the impact of social transfers on poverty reduction. The strongest poverty reduction impacts of social transfers registered in countries with low or medium levels of child poverty (Finland, Hungary, Denmark, Ireland, Poland, Germany, Austria and Slovenia).

As we discussed in the previous report in this series, childhood **material and social deprivation** (experiencing a severe lack of resources) worsened in most member states following 2008. By 2023, the average rate was 8.4 per cent, marking little or no progress since 2018 when the rate was 8.2 per cent) (Eurostat online database, code ilc_mdsd11). The newer accession countries and some southern European countries tend to have the highest rates. In 2023 Romania (22.6 per cent) had the highest rate – although there have been significant reductions in the rate in recent years. Romania was followed by Bulgaria, (19 per cent) and Greece (15.6 per cent). While the rates in some countries (notably, Bulgaria and Latvia) are considerably lower than in

2010, there remains a striking increase in the rate in Denmark, Germany, Spain and Greece compared to 2010.

By contrast, this indicator conveys a very different picture for many other countries. For example, low rates are in evidence in Croatia, Finland and Slovenia (all with rates below 2.0 per cent). See **Figure 10**.

Figure 10 Children (u18): Severe Material and Social Deprivation (%) 2010, 2022, 2023



Source: Eurostat online database, code ilc_mddd11.
Note: EU average rate for 2010 relates to the EU27 (current composition).

Focusing on changes between 2022 and 2023, the rate decreased in ten of the 27 EU member states but has increased or remained the same in the remainder, marking a slowdown in progress relative to recent years. The greatest improvement has occurred in Romania (-8.2 percentage points) followed by Croatia (-1.7 percentage points) and Cyprus (-1.6 percentage points). But the rate increased in some countries, notably Spain, Denmark, Austria and Hungary (all of whom registered increases of between 2.0 and 4.0 percentage points).

Improvements in the indicators discussed relative to children are welcome. However, it is also of concern to see some disimprovements in recent years in some countries. Overall, it is clear that the dangers of ongoing high levels of child poverty, social exclusion and deprivation are very serious. Poverty tends to persist over time and be transmitted across generations, which means that children born into poverty bear a higher risk of poverty in adult life than the average population (Eurostat, 2021a). For example, the European Commission (2018c) notes that almost 70 per cent of adults with a low ability to make ends meet grew up in a household in the same situation (2011 data). Moreover, it is true that the risk of poverty or social exclusion particularly affects families where parents could not benefit from an extensive education. For example, between 2010 and 2016 the increase in the risk of poverty or social exclusion was particularly high for children of parents with the lowest educational attainment, while the increase was minimal for other children. Thus, education, which is a strong determinant of poverty or social exclusion for adults, also strongly influences whether children are at risk of poverty or social exclusion (European Commission, 2018c; Eurostat, 2021a).

The European Pillar of Social Rights recognises the importance of protecting children from poverty and states that "children from disadvantaged backgrounds have the right to specific measures to enhance equal opportunities" (Principle 11). A dynamic perspective on poverty (that is, experience of poverty over time) underlines the key role of proactive policy measures, like social investment, or preventative social protection and services, whose results are only visible in the long run and are often not prioritised (Vaalavuo 2015). A survey of social justice across Europe concludes that the northern European countries, in particular, offer a positive example of how child poverty can be quite effectively fought if socially disadvantaged groups receive targeted support through a functioning tax-and-transfer system; that study also points to the need to work towards a more sustainable remedy through achieving greater equality in the education system and the labour market (Schraad-Tischler et al., 2017).

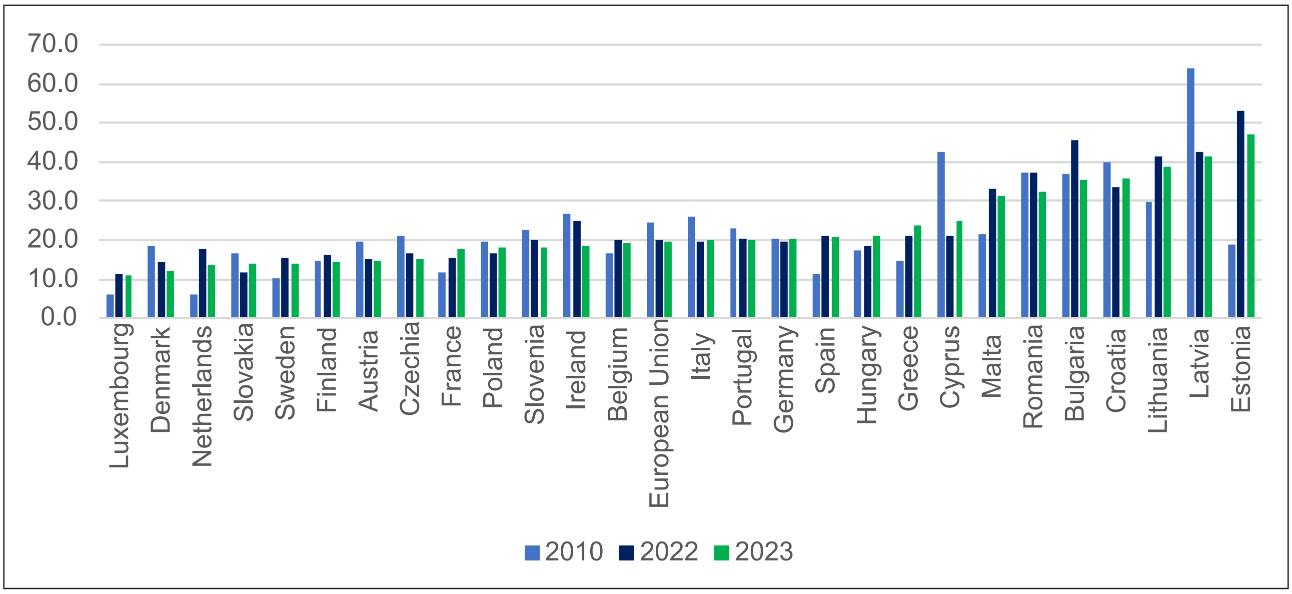
The EU's Social Protection Committee (2020) notes that access to affordable quality early childhood education and care, along with well-designed work-life balance policies, is key to improve children's life prospects, while at the same time supporting the labour market participation of their parents, notably mothers. The ability to tackle the challenges of child poverty and youth exclusion will be decisive in Europe's capacity to guarantee a long-term future to its citizens.

Older People – When we consider the position of older people (usually taken to mean those over 65), and again using the most commonly used poverty indicators, the European average rate for **poverty or social exclusion** was 19.6 per cent in 2023 (representing 18.4 million people). This marked a slight decrease on the 2022 rate (20.2 per cent). The rate was higher for those aged 75+ (20.4 per cent) (Eurostat online database, code ilc-peps01n). This issue is significant for policy-makers (as well as for the individuals concerned) given that populations are ageing at an unprecedented rate.

Poverty or social exclusion affects nearly twice as many women as men in older age. For those aged 65+, the rate for women was 22 per cent (representing 11.6 million people), whereas for men it was 16.6 per cent (representing 6.7 million people) (2023). The rate for women aged 75+ is even higher at 23.3 per cent (5.9 million people), whereas that for men aged 75+ is 16.3 per cent (or 2.8 million people). Of relevance here is the fact that the pension gap between men and women remains large and is likely to persist, and that people who are in non-standard work or are self-employment often face less favourable conditions for accessing and accruing pension rights (EU Social Protection Committee, 2021). The growth of precarious work situations, which we deal with later in this report, makes this an issue of increasing concern.

There is great variation in the poverty or social exclusion rates of older people across Europe. See **Figure 11**. The newer accession countries tend to have higher rates. These include Estonia, Latvia, Lithuania, Croatia and Bulgaria (all with rates over 35 per cent) and also Romania and Malta (over 30 per cent) (2023). The lowest rates in 2023 were found in Luxembourg (with a rate of 11 per cent), Denmark and the Netherlands (each with rates under 14 per cent). Between 2022 and 2023, the largest increases in this rate occurred in Cyprus (+3.5 percentage points), Hungary (+2.9 percentage points), and Greece (+2.9 percentage points). Bulgaria, Ireland and Estonia had the greatest decreases (in excess of 6.0 percentage points).

Figure 11 Older People: Poverty or Social Exclusion (%), EU-27, 2010, 2022 and 2023



Source: Eurostat online database, code ilc_peps01n
Note: EU average rate for 2010 relates to the EU27 (current composition).

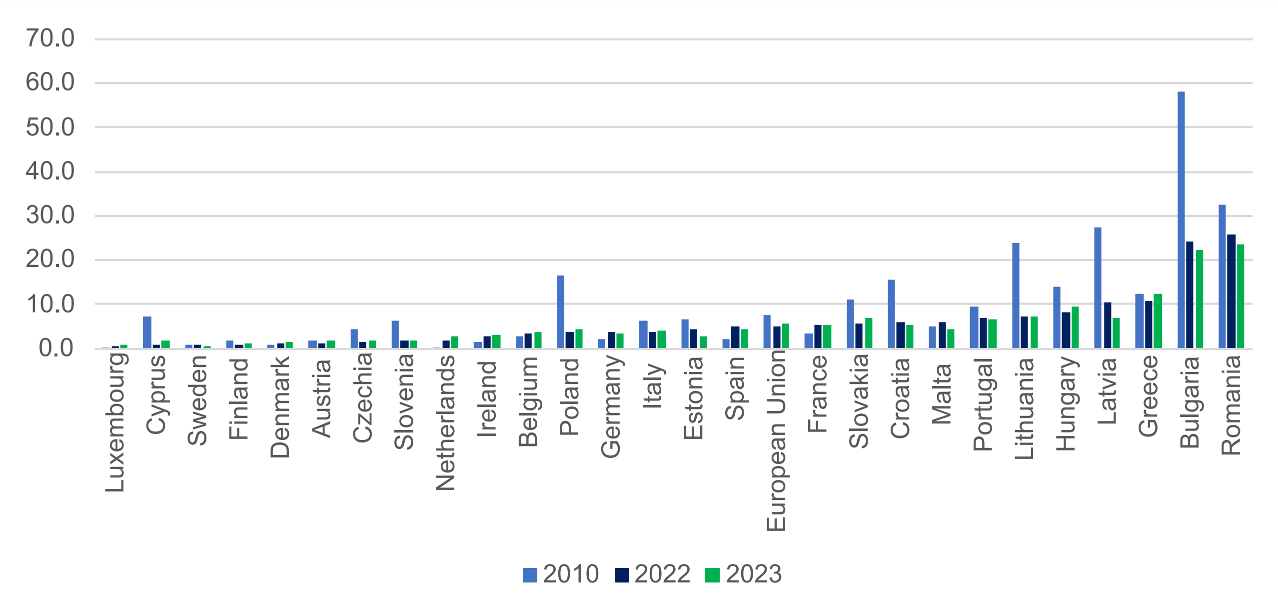
When we look at the **at risk of poverty rate** (that is, a measure of income poverty using the 60 per cent of median income level), the 2023 average rate for those aged 65+ was 16.7 per cent or almost 15.7 million people (EU-27). This is marginally down from a rate of 17.3 per cent affecting some 15.9 million people in 2022 (Eurostat ilc_li02). Failure to achieve a meaningful decrease in this measure confirms a trend of stagnating rates since 2010 (when it had been 15.3 per cent affecting 11.5 million people) (Eurostat ilc_li02). Thus, approximately 4.2 million more older people are experiencing income poverty in Europe in 2023 than in 2010.

The highest rates (65+) occurred in 2023 in some of the newer accession countries of Estonia (47 per cent), Latvia (41.6 per cent), Lithuania and Croatia. The lowest rates were seen in Luxembourg (11 per cent) and Denmark (12.3 per cent) (Eurostat online database ilc_li02). Again, as we discussed above (relative to the poverty or social exclusion measure), there is a significant gender difference between men and women at older ages, with risk of poverty affecting far more women (9.9 million women) than men (5.7 million) (2023).

The average **material and social deprivation** rate for this age group was 5.5 per cent representing approximately 5 million people aged 65+ (EU-27) in 2023 (Eurostat online database, code ilc_mdsd11). The rate has remained stable since 2022 (at 5.5 per cent) with numbers increasing marginally from 4.9 to 5 million. Again, the rate is higher for older women than older men and many more women are affected.

There is great variation in the levels of this form of deprivation across Europe, with approximately 23.6 percentage points difference between the country with the highest rate, Romania (23.7 per cent), and those with the lowest, Luxembourg, Cyprus and Sweden (in these three countries it represents less than 1 per cent). See **Figure 12**. Again, some of the newer accession states tend to have the highest rates such as Bulgaria (22.4 per cent) and Greece (12.3 per cent).

Figure 12 Older People: Material and Social Deprivation Rate (%), 2010, 2022 and 2023



Source: Eurostat online database, code ilc_mddd11, ilc_mdsd11.
Note: EU average rate for 2010 relates to the EU27 (current composition).

Prior to 2017, the rate had increased each year in Greece since 2009 (when it had been 12.1 per cent) – and it is notable that this was in contrast to some newer accession countries where it has fallen consistently since 2010. This illustrates how the situation of some groups in Europe (in this case, Greek older people) could worsen at a time when the overall position of the EU economy was improving.

Overall, while this indicator shows welcome improvements, increases in the average rate occurred in several member states between 2022 and 2023, most notably in Hungary where there was an increase of 1.3 percentage points in the year. Cyprus, Slovakia and the Netherlands showed the next biggest increase (each at +1 percentage point). This is a trend to watch given that disimprovements are happening all at a time of population ageing as well as growth and recovery in Europe.

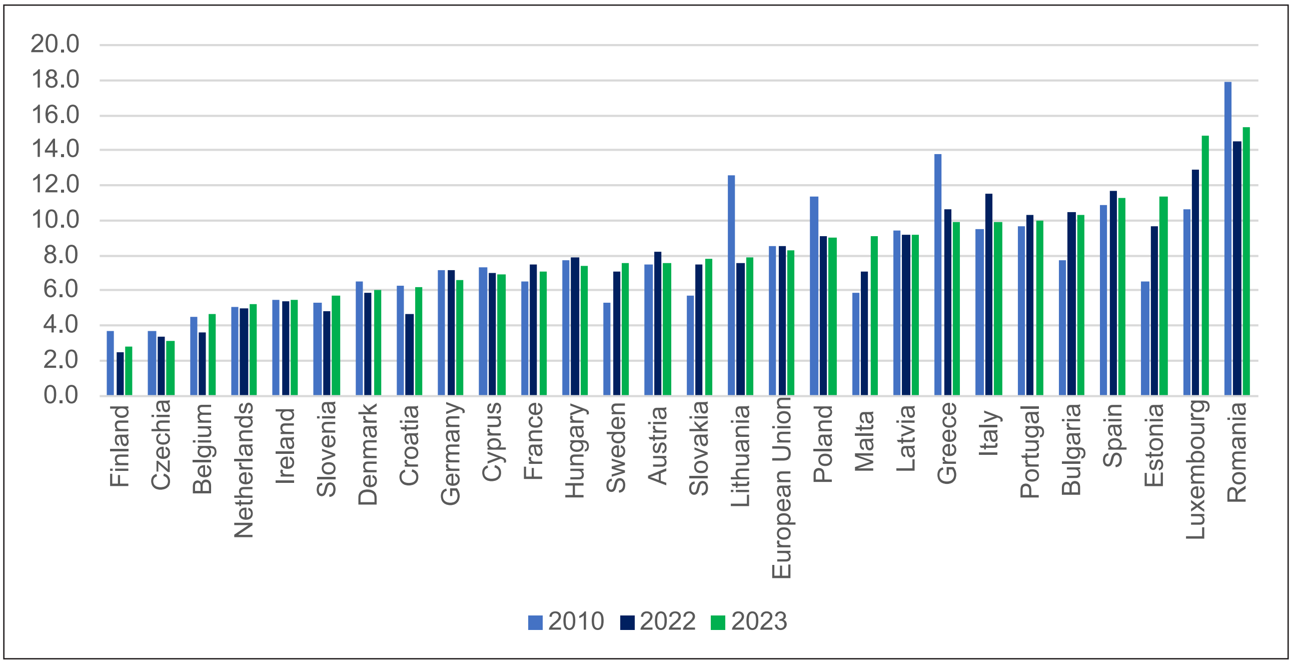
Working Poor – The final group that we examine in this section is the working poor. The in-work at-risk-of-poverty rate refers to the percentage of persons in the total population who are at work (employed or self-employed) but at risk of poverty - again, based on the relative income level - below the risk-of-poverty threshold, at 60 per cent of the national median equivalised disposable income (after social transfers).

In 2023, 8.3 per cent of employed people (aged 18+) were living under the poverty threshold (EU-27) and it has been at similar levels since 2010 (Eurostat Online database, code ilc_iw01). The average rate has stagnated since 2008, when it had been 8.6 per cent.

The highest rates in 2023 occurred in Romania (15.3 per cent), Luxembourg (14.8 per cent), Estonia (11.4 per cent), and Bulgaria (10.3 per cent). The lowest rates occurred in Finland (2.8 per cent) and Czechia (3.1 per cent). See **Figure 13**.

Chapter 2

Figure 13 In-Work Risk of Poverty Rate, EU-27, 2010, 2022 and 2023



Source: Eurostat Online database, code ilc_iw01. Employed people aged 18+.
Note: EU average rate for 2010 relates to the EU27 (current composition).

This means that close to one-in-ten 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 (2021) 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. They amounted to an alarming 20.5 million people (in 2017) (Pena-Casas et al., 2019). A report from the European Social Policy Network (Pena-Casas et al. 2019) suggests that in certain categories of the population (including younger people, people with lower education levels, and non-standard workers, poor households with children including lone parents) in-work poverty is significantly higher and has in some cases been increasing significantly in recent years. Many factors can contribute, but Eurofound (2017a) links non-standard forms of employment in many countries to the expansion in the proportion of those at risk of in-work poverty.

While governments typically combine measures such as minimum income, minimum wage, income replacement or supplement, active labour market policies, tackling labour market segmentation, family and in-work benefits that directly influence in-work poverty, addressing it is often not a stated policy goal (Pena-Casas et al 2019). Moreover, a number of other policies and measures (such as childcare, housing and healthcare) which may only have an indirect impact on in-work poverty are equally important to address this complex issue (Pena-Casas et al 2019).

The European Commission (2019a) cites evidence suggesting that higher trade union density is associated with lower in-work poverty rates. Limited policy attention is paid to this group (there is not, for example, a specific focus on them in the Europe 2020 strategy). There is a clear need for a specific policy focus on this group and better documenting their social situation.

2.3 Income Inequality

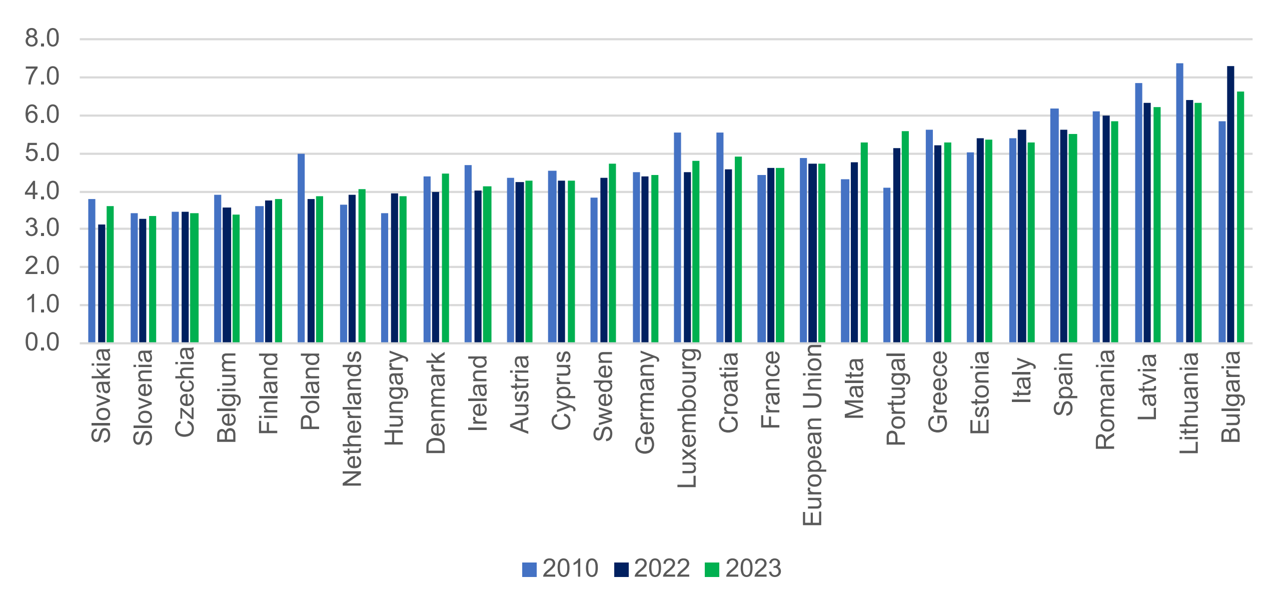
Inequality is about exclusion; exclusion from participating up to one's capabilities in the economic, social and political life of the community. It is widely agreed that economic prosperity alone will not achieve social progress and that high inequality levels leave much human potential unrealised as well risking damage to social cohesion and economic activity and undermining democratic participation (Eurostat 2019a). One Sustainable Development Goal aims to reduce inequalities (SDG 10) focusing on inequality within and between countries.

In OECD countries (broader than Europe), the richest 10 per cent earn incomes 9.6 times that of the poorest 10 per cent (OECD 2015c). Wealth is even more concentrated than income – the top 10 per cent of wealthiest households hold almost half of total wealth, the next 50 per cent hold almost the other half, while the 40 per cent least wealthy own little over 3 per cent (OECD 2015c). These are very striking inequalities. As Managing Director of the International Monetary Fund (IMF) up to 2019, Christine Lagarde (2018) suggested that, at first glance, inequality did not seem to be as big a threat in Europe as elsewhere, thanks to strong social safety nets and redistribution, which she had characterised as important achievements that have helped millions of people and strengthened Europe's position compared to many other advanced economies. More recently (November 2024) however, speaking in her capacity as the current President of the European Central Bank she struck a more sanguine note in warning of the potentially adverse 'social consequences ... which could exacerbate inequality' attendant to the major geopolitical and technological challenges facing Europe (European Central Bank, 2024)

High levels of income inequality are associated with a wide range of health and social problems across countries (Wilkinson and Pickett, 2007). The IMF has shown that income inequality also matters in economic terms – that is, for growth and its sustainability. Income distribution itself impacts on growth (Dabla-Norris et al, 2015). Specifically, if the income share of the top 20 per cent (the rich) increases, then GDP growth actually declines over the medium term, suggesting that the benefits do not trickle down, contrary to what has been the received wisdom. In contrast, an increase in the income share of the bottom 20 per cent (the poor) is associated with higher GDP growth. That report concludes that poor people and the middle classes matter the most for growth through a number of interrelated economic, social, and political channels.

One measure of income inequality is the **GINI coefficient**, an index ranging from 0 to 100 where 0 represents a perfectly equal distribution of income and 100 represents a perfectly unequal distribution. See **Glossary.** The higher the GINI coefficient, the greater the income inequality. According to the GINI coefficient indicator, there was a very slight decrease between 2022 and 2023 in average levels (Eurostat ilc_di12). The 2023 ratio was 29.6. The countries with the greatest income inequality (according to the GINI coefficient) in 2023 were Malta, Portugal, Latvia, Lithuania and Bulgaria. Those with the lowest included Slovakia, Slovenia, Belgium and Czechia. Malta and Sweden (+1.9 percentage points) followed by Portugal and Hungary (+1.6 and +1.7 percentage points) were the countries showing the greatest increases between 2022 and 2023.

Figure 14 Income Inequality EU-27, S80/S20, 2010, 2022 and 2023



Source: Eurostat online database, code ilc_di11
Note: EU average rate for 2010 relates to the EU27 (current composition).

Another measure of income inequality is the **income quintile share ratio** or the **S80/S20 ratio,** which is a measure of the inequality of income distribution. It is calculated as the ratio of total income received by the 20 per cent of the population with the highest income (the top quintile) to that received by the 20 per cent of the population with the lowest income (the bottom quintile). The average European S80/20 ratio increased in recent years but only slightly and overall has remained relatively stable. The average was 4.89 in 2010 (EU-27), meaning that the top quintile had 4.89 times more income than the bottom quintile. This fell to 4.73 in 2022 and decreased further to 4.72 in 2023 (EU-27). See **Figure 14**.

However, there are substantial differences between countries. In 2023, while in some countries (notably Nordic, some Central European countries and some peripheral countries), the rich earned around four times as much as the poor or less, in Bulgaria, Lithuania and Latvia the value was above 6. Between 2022 and 2023, the greatest increases in the ratio occurred in Denmark, Slovakia and Malta (all from +0.48 to 0.55 per cent). The results of analysis using the GINI coefficient and using this indicator (S80/20) show that both indicators suggest a somewhat similar list of countries that can be considered most unequal. Income inequality would have been greater in all countries if social transfers had not been included (European Commission, 2017). Social transfers reduced income inequality by less than 7 per cent in Bulgaria, Cyprus, Estonia Greece, Italy, Latvia, Poland and Romania but by more than 25 per cent in Belgium, Denmark, Finland and Ireland (in the period 2012-2015) (European Commission 2017).

2.4 Disposable Income and Financial Distress

To assess how disposable incomes compare across Europe and the changes over time, we look at disposable median net income. Disposable net income is the total gross disposable income[4] minus social security contributions and income taxes payable by employees (Eurostat 2013). This means it represents income available to individuals and

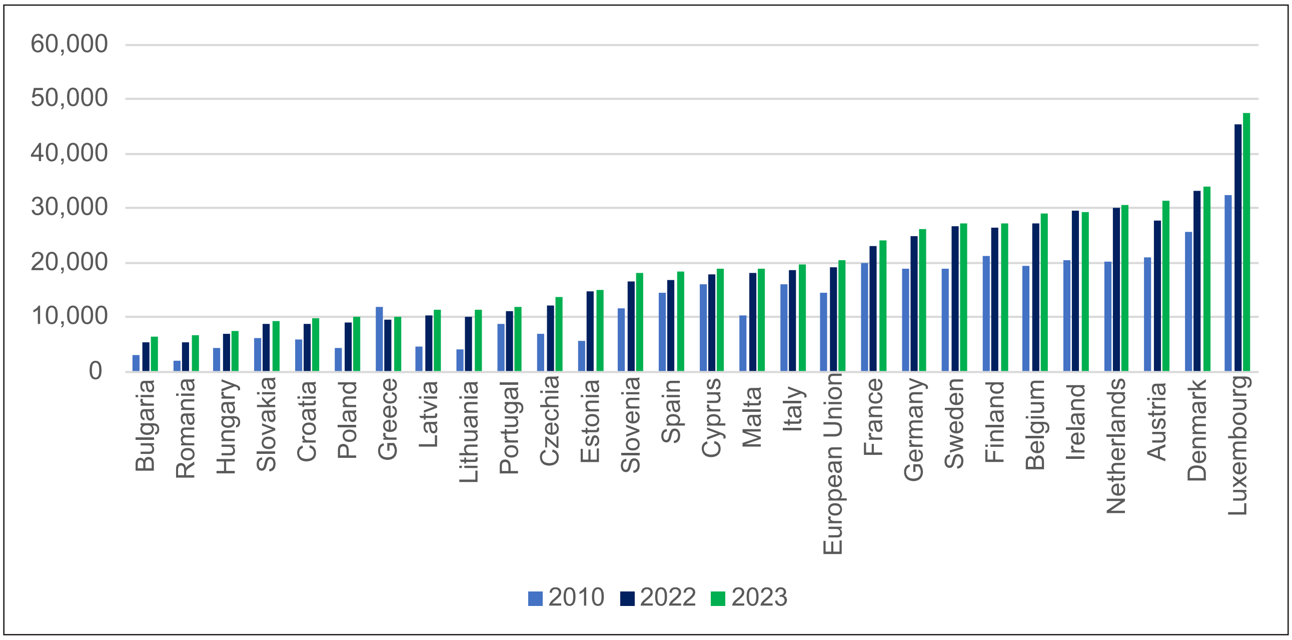
4 That is, all income from work, private income from investment and property, transfers between households and all social transfers received in cash including old-age pensions.

households for spending or saving. But the living standards achievable by a household with a given disposable income depend on how many people and of what age live in the household and thus household income is 'equivalised' or adjusted for household size and composition so that the incomes of all households can be looked at on a comparable basis. The **Glossary** contains a definition of Household Disposable income and explains the Eurostat approach to equivalisation in more detail, which is used here to facilitate comparison across countries. National statistical agencies may take different approaches to equivalisation[5].

We will look at the median income value, which involves dividing a population into two equal-sized groups: exactly 50 per cent of people fall below that value and 50 per cent are above it, because the average or mean household disposable income can be skewed by very high or very low incomes of a few having a disproportionate impact.

See **Figure 15,** which shows that in 2023 the highest levels of disposable income occurred in Luxembourg, Denmark, Austria, the Netherlands and Ireland. The lowest in Bulgaria, Romania, Hungary and other newer accession members. There is also great variation in the levels between the highest countries and the lowest. For example, the 2023 figures in the top two countries, Luxembourg and Denmark, were €47,636 and €33,903, respectively; those in the countries with the lowest levels, Romania and Bulgaria, were €6,523 and €6,568 respectively (This means that half of the people of these countries are considered to have disposable incomes above those amounts and half below.)

Figure 15 Median Disposable Annual Income (€): EU27, 2010, 2022 and 2023

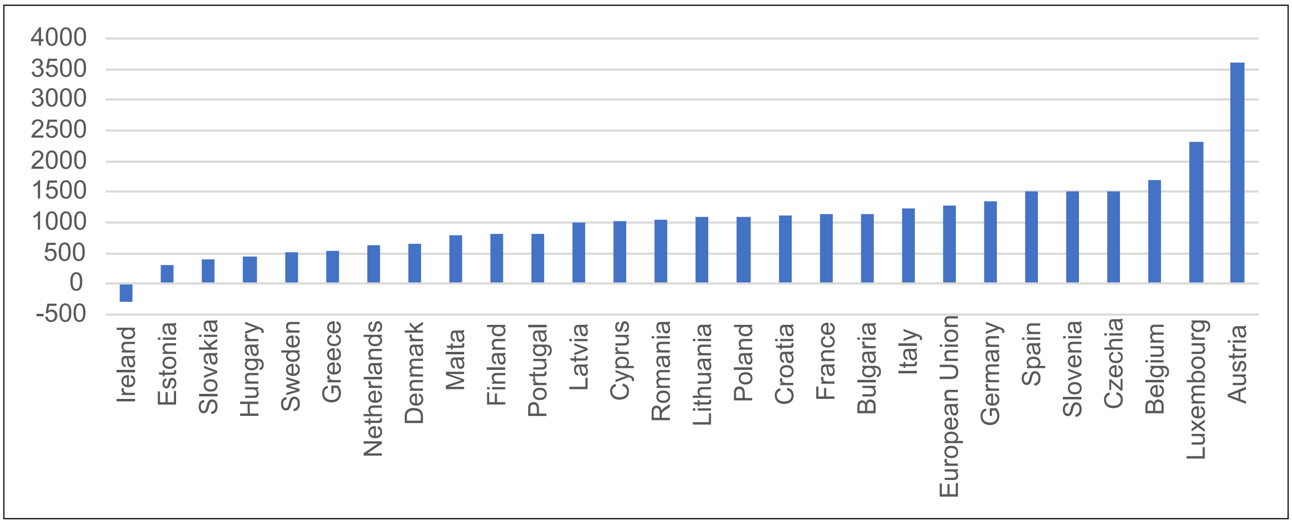


Source: Eurostat online database ilc_di03
Note: EU average rate for 2010 relates to the EU27 (current composition).

5 Equivalence scales are used to calculate the equivalised household size in a household. For example, the equivalence scale used in Ireland attributes a weight of 1 to the first adult, 0.66 to each subsequent adult (aged 14+) living in the household and 0.33 to each child aged less than 14. The weights for each household are then summed to calculate the equivalised household size. Disposable household income is divided by the equivalised household size to calculate equivalised disposable income for each person, which essentially is an approximate measure of how much of the income can be attributed to each member of the household. This equivalised income is then applied to each member of the household. Eurostat uses a different equivalence scale attributing a weight of 1 to the first adult, 0.5 to each subsequent adult and 0.3 to each child – see Glossary.

In previous reports in this series, when we looked at the countries where the greatest changes occurred between 2008 and 2013, we saw that by far the greatest reductions were in Ireland and Greece, while by far the largest increases occurred in Sweden followed by Belgium, Finland, Denmark and Austria. But even by 2023, the median level for Greece (-€1,913) is still lower than what it was in 2010 (Eurostat ilc_di03). For changes between the latest years (2022 to 2023), see **Figure 16**. The majority of countries showed improvement during that period, with Ireland being the only country in which a disimprovement was observed (-€288).

Figure 16 Change in Median Disposable Income (€), EU, 2022 to 2023



Source: Eurostat online database ilc_di03.

However, nominal changes do not tell the whole story about income changes, as inflation also has a significant influence: 'real' means that nominal figures are deflated using the consumer price index. Most recently, gross disposable household income (GDHI[6]) in the EU27 rose in real terms by 2.5 per cent between Q3 2024 and Q3 2023 (European Commission, 2025a). Analysis of income in the EU as a single distribution showed an improvement in the position of lower income groups and convergence among subsets of EU countries from 2007 to 2015. Those at the 10th percentile of the population (that is, the lowest) gained about 4 per cent in real terms, compared to their pre-crisis income. However, this was mostly a result of the rising income of some of the poorest in the newer accession states, while the income of the poorest in the southern member states of the EU deteriorated. When we look at the middle class (defined as the income group between 75- 200 per cent of median national income), more than half (53 per cent) in the EU report a feeling of vulnerability and difficulty in making ends meet financially (European Commission, 2019a).

Incomes in cities are usually higher than those in rural areas (most notably in Romania and Bulgaria, where median income in cities is around 90 per cent and 60 per cent higher, respectively), but the likelihood of being in income poverty and material deprivation is higher in cities than in rural areas in most western countries of the EU (European Commission, 2019a).

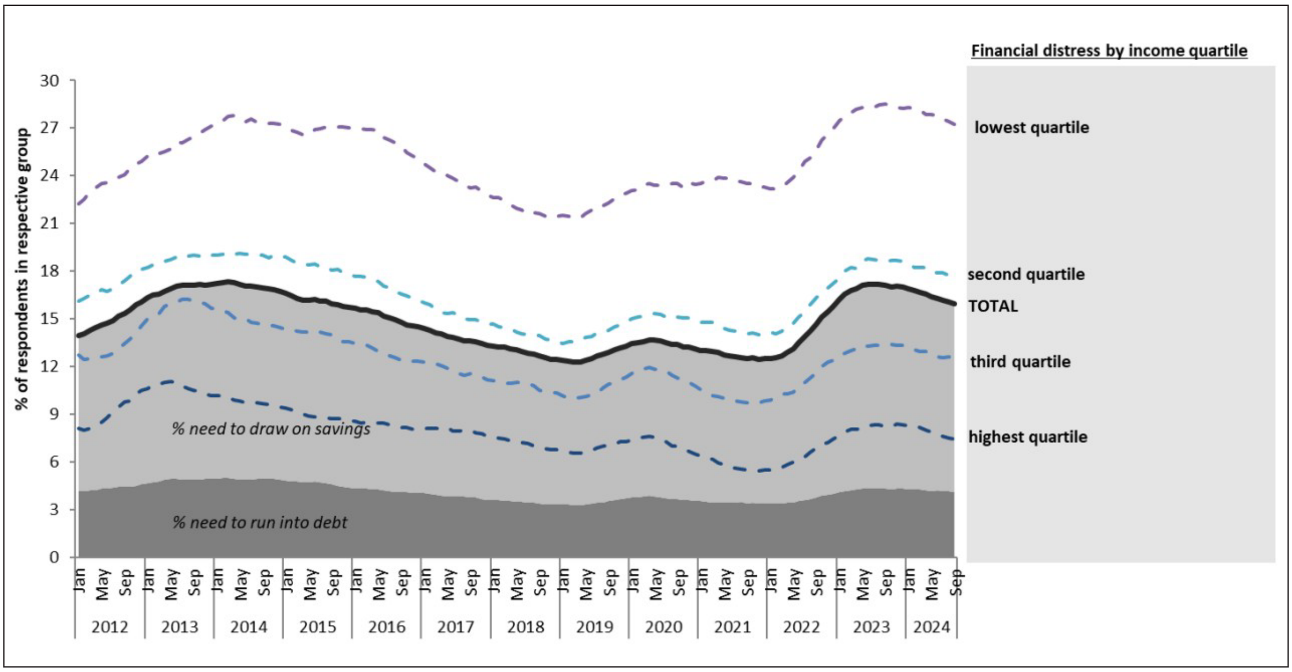
See **Figure 17,** where rates are shown for household distress across income quartiles, 2012-2025. It shows how the greatest distress is being experienced

6 The real GDHI growth for the EU is an estimation by DG EMPL, with available data from Member States. The nominal GDHI is converted into real GDHI by deflating with the deflator (price index) of household final consumption expenditure. The real GDHI growth for the EU is a weighted average of real GDHI growth in Member States

by the lowest income quartile (or lowest 25 per cent) but also by the second quartile (lowest 50 per cent).

Financial distress of households (defined as the need to draw on savings or to run into debt to cover current expenditures and based on personal perceptions) is still running at high levels especially for lower-income groups. From its historical peak of nearly 17.4 per cent recorded in August 2023, this measure declined to 15.7 per cent of the overall population in March 2025 (European Commission, 2025a). However, compared to March 2025, there are major differences across Member States and population groups. Reported financial distress fell slightly for those on the lowest incomes (lowest quartile) between March 2024 and March 2025, reaching 26.5 per cent with a year-on-year decrease of 1.5pp (percentage point). For the wealthiest, second and third quartiles, financial distress also fell over the same period.

Figure 17 Household Financial Distress (%) 2012-2024: Total, and by Income Quartiles



Source: European Commission (2024a, Chart 9): European Commission, Business and Consumer Surveys, unadjusted data, 12-months moving average (DG EMPL calculations).

Note: Horizontal lines show the long-term averages for financial distress for the population as a whole and for households in the four income quartiles. The overall share of adults reporting having to draw on savings and having to run into debt are shown respectively by the light grey and dark grey areas, which together represent total financial distress.

2.5 Poverty, Social Exclusion and Income Inequality: Summary and Conclusions

The review set out in this Section shows how the Europe 2020 target set in 2010 of taking 20 million people out of **risk of poverty or social exclusion** has been missed by a significant margin and the EPSRAP target for 2030 of reducing the same measure by 15 million remains unattained. While the risk of poverty or social exclusion rate has improved each year since 2012, the average rate still stands at 21.3 per cent in 2023 (EU-27) (that is, more than one in 5 Europeans) amounting to over 94.4 million people (Eurostat online database code ilc_peps01n). The picture that emerges in the 2022-2023 period (2023 being the latest year for which Eurostat has published rates as we prepare this report) 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.

In 2023, the highest rates of poverty or social exclusion were to be found in Romania and Bulgaria where the rates were above 30 per cent. In three other countries (Latvia, Greece and Spain) the rate was over 25 per cent. The lowest rates were found in Czechia (12 per cent), followed by Slovenia and Finland. A recent analysis from Eurostat indicates that despite the favourable decrease in the overall share of people at risk of poverty or social exclusion, the depth of hardship for those affected has increased slightly (between 2008 and 2017) (Eurostat, 2019a).

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. For example, there was a difference of nearly 20 percentage points between the country with the highest rate (Romania at 32 per cent) and that with the lowest (Czechia 12 per cent) (Eurostat, code: ilc_peps01n). Between 2022 and 2023, disimprovements in the poverty or social exclusion rates were observed in several countries including, notably, Estonia (+1.1 percentage points) and also in some countries with traditionally relatively low rates such as Finland (Eurostat ilc_peps01n).

Again, it is notable that those countries identified by the European Social Policy Network as having a well-established approach to social investment (mainly Nordic and central European countries) tend to do well at protecting their populations from poverty or social exclusion relative to other countries with a less well-developed social investment approach. Thus, some of the newer accession countries and some Mediterranean countries tend to be more negatively affected by poverty (as measured by the indicators used for the Europe 2020 and EPSRAP strategies) than Nordic or central European countries.

Looking at the second indicator used in the Europe 2020 and EPSRAP strategies, the **risk of poverty rate**, a measure or relative income poverty, suggests that in 2023, 16.2 per cent of the population (EU-27) was living at risk of poverty (over 71.7 million people), just 0.4 of a percentage point lower than the level recorded in 2010 (Eurostat online database, code ilc_li02). Other indicators show patterns of marginal improvement - the average EU-27 rate of **material and social deprivation** was 6.8 per cent in 2023, representing approximately 29.3 million people, up from a rate of 6.7 per cent in 2023 (and representing over 28.9 million people).

Children: Like other reports in this series, this report highlights again how ongoing high levels of poverty or social exclusion amongst children is one of the most challenging and serious issues faced by Europe, not least because it can affect the rest of one's life and a tendency to live in poverty can be passed on to future generations.

The rate of poverty or social exclusion that children (under 18s) experience continues to be higher than for the general population and about one quarter of children in Europe are affected. Thus, children who are considered to be **at risk of poverty or social exclusion** numbered 20 million in 2023 or 24.8 per cent (EU-27 average) (Eurostat online database, code ilc_peps01n). Despite improvements in several member states in recent years, levels of material and social deprivation have worsened for children in one third of EU countries (9 of 27) when compared to their 2010 level. In short, poverty in all its forms still affects far too many children and childhood poverty remains a pressing problem because of its long-lasting effects on society and on the lives of individuals. A range of interventions are necessary to address this situation including access to affordable quality early childhood education and care, along with well-designed work-life balance policies.

Older People: Where older people are concerned (usually taken to mean those over 65), the European average rate for **poverty or social exclusion** was 19.6 per cent in 2023 (representing 18.4m people). This was a decrease on the 2022 rate (20.2 per cent) but represents only a marginal decrease in numbers (less than 100,000 people). The rate was higher for those aged 75+ (20.4 per cent) and that rate too had increased between 2022 and 2023 (Eurostat online database, code ilc-peps01n). Poverty or social exclusion affects nearly twice as many women as men in older age.

The **risk of poverty rate** for those aged 65+ was 16.7 per cent affecting almost 15.7 million people (EU-27), up from a rate of 17.3 per cent affecting some 15.9 million people in 2022 (Eurostat ilc_li02). The average **material and social deprivation** rate for this age group remained stable between 2022 and 2023 at 5.5 per cent (representing approximately 5 million people aged 65+, EU-27) (Eurostat online database, code ilc_mdsd11). In addition to this total, it is clear that many more older women than older men are affected by poverty. These issues are significant for policy-makers (as well as for the individuals concerned) given that populations are ageing at an unprecedented rate and that there are many more older women than older men and they tend to have poorer pension provision (see Social Protection Committee, 2022). The situation of older people varies greatly as between countries, with very high levels of income poverty and material deprivation especially in newer accession countries and also in some Mediterranean countries.

Working Poor: In 2023, 8.3 per cent of employed people (aged 18+) were living under the poverty threshold (EU-27) and the average rate (that is, the in-work poverty rate) remains below that seen in 2014 (9.1 per cent). (Eurostat Online database, code ilc_iw01). Thus, in 2023 about one twelfth of employed people in the EU live in poverty. They amounted to an alarming 20.5 million people (in 2017) (Pena-Casas et al., 2019). Some groups are particularly affected (including younger people, people with lower education levels, and non-standard workers, poor households with children including lone parents). Limited policy attention is paid to this group.

When **income inequality** is examined, there are concerns overall about increases over time. There are substantial differences between countries in Europe. In 2023, while in some countries (notably Nordic, some central European countries and some peripheral countries), the rich earned around four times as much as the poor or less, in other countries, notably, Bulgaria and Romania, the value was above 6.

When we examine **median disposable income**, the highest levels occur in Scandinavian, central and western European countries, the lowest in other newer accession members and there are very great variations in the levels. While, within the past year (2022-2023), median disposable income has increased in all but one Member States, the level for Greece still remains lower than they had been in 2010 (Eurostat ilc_di03).

Financial distress (defined as the need to draw on savings or to run into debt to cover current expenditures) has gradually declined since 2014 but began to increase during the Coivid-19 pandemic. The greatest distress is being experienced by the lowest income quartile (or lowest 25 per cent), 26.5 per cent of whom were classified as being in financial distress in March 2025.

Overall, it is clear that the legacies of the Covid-19 pandemic including the inflation and cost of living crises of recent years has served to reverse recent improvements as evident across several metrics and key groups for the years 2019-2024. The result has been even greater shortcomings in Europe's poverty reduction targets than those predicted before the pandemic. The social indicators suggest little improvement since 2010 for very many people living in Europe, with marked dis-improvements for some groups in several countries particularly evident between 2021 and 2022. 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 2010. The position of children, in particular, while improved somewhat since 2010, continues to be strikingly negative for very many children with potentially very serious long-term consequences including those directly linked to Covid-19.

3 Employment and Unemployment

Social Justice Ireland includes the right to meaningful work amongst its core rights that need to guide policy-making in the future (see **Section 1**).

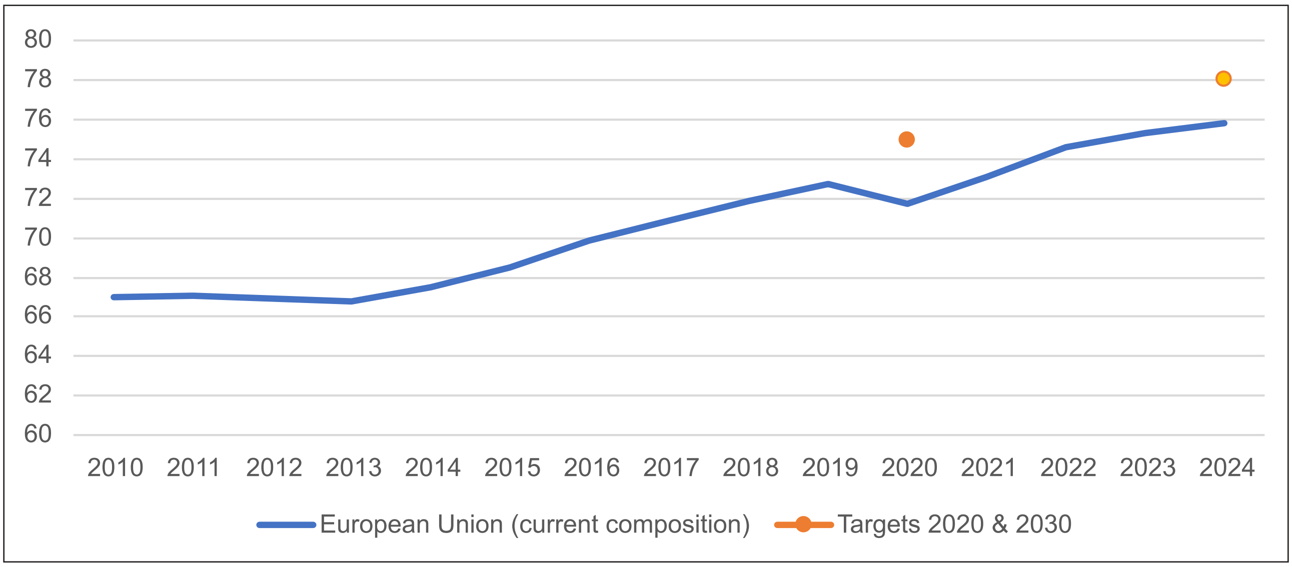
3.1 Employment

The Europe 2020 strategy set a headline target that 75 per cent of 20-64 year-olds would be employed by 2020 and in 2021 the EPSRAP increased the target to 78 per cent by 2030. Following the 2008 crisis there were drastic job losses in Europe as a whole. There were marked improvements between 2013 and 2019 as shown by **Figure 18**. In 2024 the average EU employment rate was 75.8 per cent (up from 75.3 in 2023). Prior to impact of the Covid crisis from 2020, employment in the EU increased by 17.3 million people since its lowest point in the first quarter of 2013 (European Commission, 2021).

The latest data for the first quarter of 2025 indicates that employment across the EU is now at its highest level since the beginning of the Eurostat series in 2000 (European Commission, 2025g). This recovery has followed job-retention measures adopted throughout 2020-21 which cushioned the impact of the economic contraction caused by Covid-19 and the public health measures introduced to curb it. Alongside national furlough schemes, these included the EU's Support to mitigate Unemployment Risks in an Emergency (SURE) fund which disbursed 98.4 billion euro to Member States (European Commission, 2022d) up to its final disbursement in December 2022, with Italy (27.4bn) and Spain (21.3bn) the greatest beneficiaries.

The pandemic dealt a severe shock to the EU 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 18**). The data explored in this chapter reflects the impact of the pandemic upon changes in employment while also contextualising these against the backdrop of employment trends over the past decade.

Figure 18 Employment in Europe (%), Ages 20-64, EU-27, 2010-2024

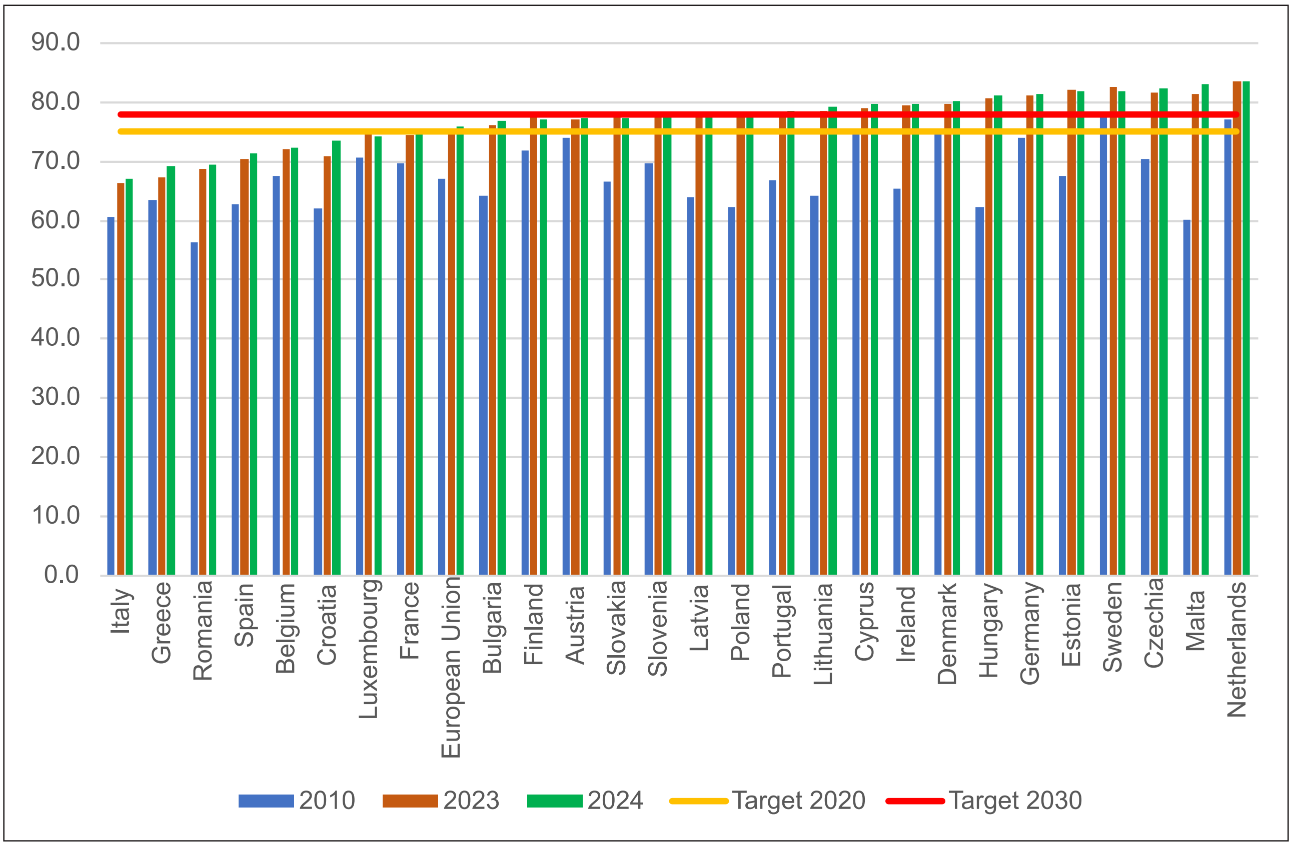


Source: Eurostat online database, code lfsi_emp_a.

As **Figure 19** shows, 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, the Netherlands has the highest rate (83.5 per cent in 2024), while Italy continues to have lowest (67.1 per cent in 2024), a 16.4 percentage point difference between the two countries. Countries, especially in central and northern Europe, have exceeded the Europe 2020 strategy target of 75 per cent. Twenty countries (that include Netherlands, Sweden, Estonia, Czechia, Malta, Germany and others) have reached or exceeded the target, while other countries, especially in the south and periphery of Europe, are very far away from achieving it (looking at ages 20-64). The lowest employment rates in 2024 were found in Italy, Greece, Romania, Spain and Belgium.

All EU countries have now exceeded their 2010 employment level, yet it is very notable in the case of Greece that the 2024 rate is just 5.8 percentage points above the 2010 rate. A 2018 report from Eurofound suggested that Germany accounted for most of the new jobs (net of jobs lost) created in the current EU27 between 2008 and 2016, while most of the jobs lost in Greece and Spain in that period had not yet been recovered.

Figure 19 Employment (%), ages 20-64, EU-27 Countries, 2010, 2023 and 2024



Source: Eurostat online database, code lfsi_emp_a. Line shows EU 2020 strategy target of 75 per cent and EPSRAP 2030 target of 78%.

In the final quarter of 2024, full-time employment increased by 0.4 per cent compared with the same quarter of the previous year, while part-time employment remained stable at 17.2 per cent (European Commission, 2025g). When we look at demographic sub-groups, the EU employment rate varied across all population groups in the final quarter of 2024, falling for those aged 15-24 (-0.3 percentage points), increasing for those aged 25-54 (+0.3 percentage points), while the greatest increase effected the oldest cohort aged 55-64 (+1.1 percentage points), when compared with the same quarter of the previous year (European Commission 2025a). The employment rate decreased for low-skilled workers (-0.4 percentage points) compared with an increase for medium (+0.2 percentage points) and no change for high skilled workers. This does not, of course, mean that there are no ongoing challenges for these groups including for older workers, which we come back to below.

However, as we noted already, 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. Constantly changing and erratic working hours have become a common experience for European workers (see Piasna, 2019). According to Eurofound (2019a), concern is widespread that involuntary part-time and temporary work is making employment more precarious for people, and Covid has only served to exacerbate feelings of insecurity and vulnerability linked to these developments (Eurofound, 2021b).

For example, in a review of working conditions between 2015 and 2018, Eurofound (2019a) found that the proportion of full-time permanent jobs is slowly diminishing, down from 59.5 per cent of all jobs in 2009 to 58.2 per cent in 2016. One-fifth of the EU labour force works part-time, and three-quarters of these are women (Eurofound, 2019a). It is notable that around a quarter of those working part-time want to work full-time (Eurofound, 2019a). The reason they most commonly give for working part-time is that they can't find a full-time job. And this group is concentrated in the lower-paid, lower-skilled end of the economy. Over half of involuntary part-timers (57 per cent) work in lower service occupations, such as sales and customer service work. Managers, on the other hand, are much less likely to be working part-time involuntarily.

Like part-time, temporary employment has been increasing in the EU over decades (although the rate dipped during the crisis as many employers cut costs by not renewing fixed-term contracts). With the recovery, growth in temporary employment resumed, rising 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 (Eurofound, 2019a). Even their working time arrangements and the flexibility to manage these arrangements are worse and that is not to mention broader impacts that include financial insecurity, lack of access to loans and, as a result, fewer housing options.

Younger people are often employed temporarily - in 2018, 43.5 per cent of employees aged 15 to 24 had a temporary contract; and this situation did not always lead to permanent jobs as only around a quarter of workers with temporary contracts moved to a permanent contract over two consecutive years (in 2017) (Eurofound, 2019a).

Little growth in real wages (after 2013 when recovery was first noted) raised doubts about the strength of the recovery in income levels for significant segments of the workforce and for the population at large (Eurofound, 2019a). Eurofound's analysis suggests that in 2015 in Denmark, Ireland, France, Italy and Finland wage growth was moderate (1–3.6 per cent), mostly due to larger wage increases among the highest-paid employees than in other pay quintiles. Wages grew most strongly, by 4–12 per cent, in much of eastern Europe and was greatest among the lowest-paid employees (quintile 1), in the Baltic states, Czechia, Poland and Romania. On the other hand, in Bulgaria, especially, and Hungary, wages grew more among the highest-paid employees (quintile 5). Germany makes an interesting case as real wages grew significantly (3.5 per cent), but in its case, wages increased disproportionately among the lowest-paid employees as a result of the introduction of a minimum wage in 2015, a major policy decision aimed at fighting the rising numbers of employees not covered by wage floors and the growth of low-paid work in the country (Eurofound, 2019a). Eurofound notes that this beneficial effect of the minimum wage policy seems to have come with no significant impact on employment.

These wider employment trends form a central part of the context in which recovery from the Covid crisis has come to impact European labour markets. For example, self-reported data for 2020 published by Eurofound (2021) indicates that 37 per cent of respondents reported their working hours had decreased during the pandemic, with those in areas such as commerce, hospitality and construction – sectors with above-average pre-pandemic levels of contract insecurity – reporting increases of over 50 per cent (Eurofound, 2021c). There was a marked decline of 14-15 per cent of total hours worked in the EU between 2019 and 2020 due to the impact of the pandemic and this recovered by only 5.1 per cent at the end of 2021 (Eurofound, 2022b). Moreover, this overall fall in hours worked has affected those in standard employment (i.e. permanent full-time jobs) to a disproportionately lesser extent than workers in less secure employment, particularly those on short-term or 'zero hours' contracts. This picture is strongly reflected in the fact that the decline of 16.7 per cent in fixed-term (i.e. non-permanent) jobs in the EU between the second quarters of 2019 and 2020 accounted for three-quarters of the overall decline in EU employment, with levels unchanged by the second quarter of 2021 (Eurofound, 2021c; 2022b). Subsequent stabilisation was only made possible due to extensive emergency employment protection measures across the EU.

Another significant long-term trend which has come to shape the pandemic's impact relates to the geographical distribution of EU employment, particularly in regional terms. A study of nine countries published by Eurofound and the European Commission (2019) indicates that population and employment growth have been much stronger in the capital city regions of all nine than in the other types of regions of the same country. Between 2002 and 2017, employment grew by 19 per cent in capital city regions compared to 10–12 per cent elsewhere. The study also draws links between interregional inequality and disenchantment with existing political systems and social bonds. Although research into the complex relationship between the pandemic and regional economic structures is still ongoing, preliminary estimates published by the European Commission (2020c) and the European Parliament's Committee of the Regions (2020) suggests that these vulnerabilities fed into the differential regional impact of lockdowns. In particular, this affected those on the southern and south-eastern European periphery in regions with above-average levels of unemployment and underemployment with a traditionally high dependence upon tourism.

Taking a step back for a moment, despite very welcome improvements in employment in the EU, there are significant challenges ahead that require policy responses. On the positive side, it is interesting that projections of the impacts of a full implementation of the Paris agreement show that the transition to a low-carbon economy could raise GDP and employment – amounting to an additional 1.2 million jobs in the EU by 2030, mostly in growing green(ing) sectors, which would be largely due to investment for transition (European Commission, 2019a). These impacts, however, would vary a lot between sectors and countries. On the other hand, the EU Social Protection Committee (2020) notes that particularly in the context of an uneven post-pandemic recovery, new forms of employment, and associated gaps in access to social protection and lower incomes may put a growing number of people at higher risk of poverty and social exclusion. This in turn, potentially building on pandemic-era emergency measures to support employment, may require that social protection systems ensure access to adequate protection for all persons in employment, including various types of self-employment and non-standard working.

In its latest employment review the OECD (2020a) explores the ongoing impact of the pandemic on labour markets in addition to larger trends such as climate change and the slowdown of the global economy. These factors include:

- **Automation** – 14 per cent of existing jobs could disappear as a result of automation in 15-20 years, and another 32 per cent are likely to change radically.
- **Inequalities** - Many people and communities have been left behind by globalisation and a digital divide persists in access to new technologies resulting in inequalities along age, gender, and socio-economic lines.
- **Precarity** - Many are stuck in precarious working arrangements with little pay and limited or no access to social protection, lifelong learning and collective bargaining.

The OECD suggests that, in addition to a focus upskilling and lifelong learning (or adult learning), reshaping social protection provisions in a post-pandemic world must ensure better coverage of workers in non-standard forms of employment (OECD, 2020b). They also argue for a greater focus on collective bargaining and social dialogue, both of which can complement government efforts to make labour markets more adaptable, secure and inclusive.

Looking ahead to the likely impact of looming US tariffs on EU labour markets, the OECD's most recent (September 2025) *Economic Outlook* downgrades its 2026 EU growth projection to 1.0 per cent citing impediments to EU-US trade which now stand at unprecedented levels in living memory and 'the highest since the Great Depression' (OECD, 2025a). It goes on to predict repercussions to EU labour markets which will become 'increasingly visible' over the next twelve months, with the pharmaceutical, chemical, metals and automotive sectors likely to be the worst affected with certain EU regions particularly exposed. Moreover, the OECD estimates these negative impacts will likely 'negate the boost' that might otherwise come from lower interest rates set by the ECB this year (OECD, 2025b). Combined with the likely secondary US tariff impacts of Chinese trade diversion to Europe, several experts have called for a renewed focus on investments in human capital, skills and retraining as an essential plank of future EU resilience and adaptation (Trajtenberg, 2025; ETUC, 2025)

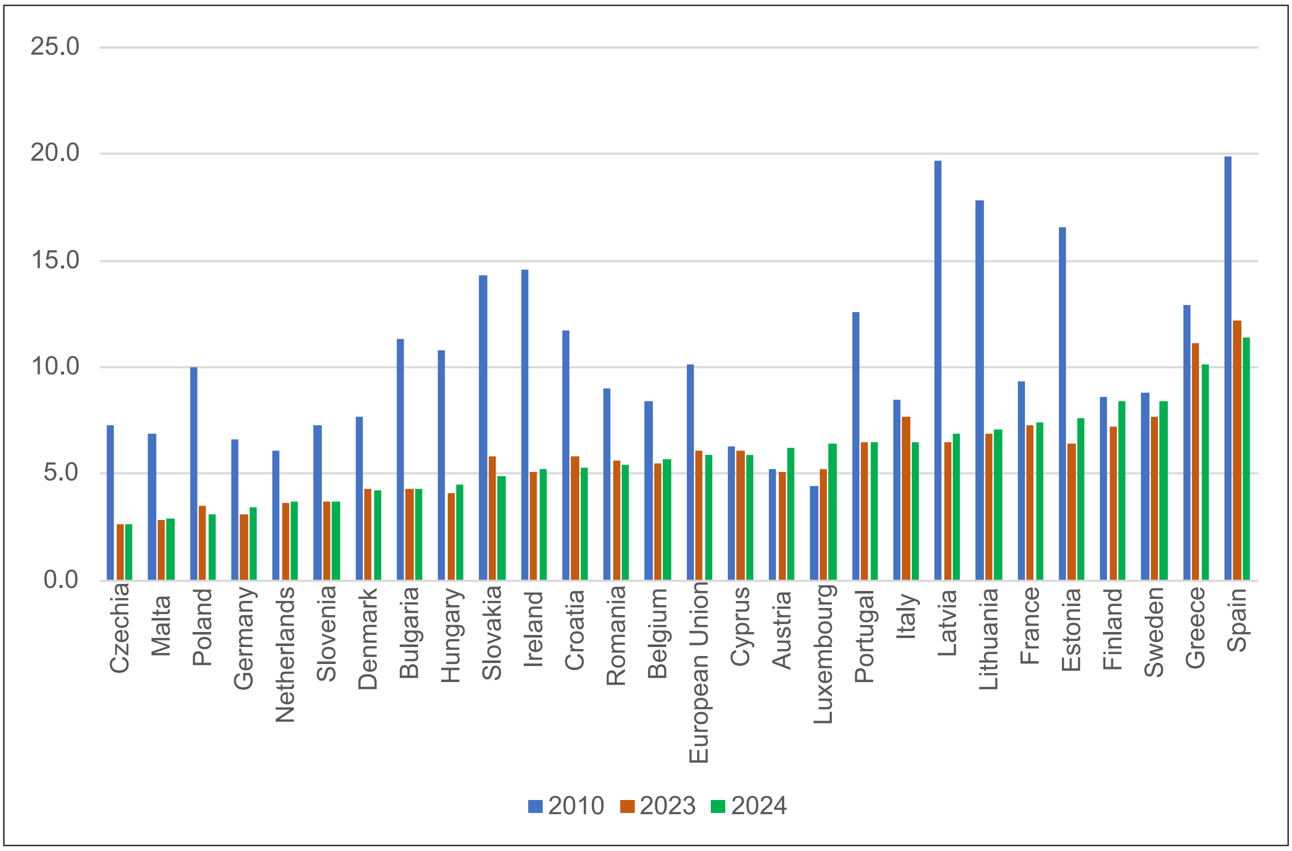
3.2 Unemployment

Previous reports in this series detail the rise in unemployment following the 2008 crisis. The total unemployment rate for EU-27 in 2010 was 10.1 per cent, a rate that increased to 11.6 per cent by 2013 (annual average, proportion of active population) (Eurostat code une_rt_a). There were great differences between the rates in different member states.

In 2024, the annual unemployment rate (EU-27) was 5.9 per cent, down from 6.1 per cent in 2023 (Eurostat une_rt_a). The unemployed represented some 11.9 million people (EU-27), greatly reduced on the 2013 figure, when unemployment peaked at 24.03 million (Eurostat une_rt_a).

Figure 20 illustrates the very great divergence between countries both in terms of the rate of unemployment and in the degree of change between 2010 and 2024. The countries with the highest rates in 2024 were Spain (11.4 per cent), Greece (10.1 per cent), and Sweden (8.4). Those with the lowest rates were Czechia, Malta, Poland and Germany (all with rates under 3.5 per cent).

Figure 20 Unemployment (% active population), EU-27, 2010, 2023 and 2024



Source: Eurostat online database une_rt_a

As we prepare this report in 2025, the trend for unemployment to improve as part of a wider post-Covid recovery is continuing with a rate of 5.7 per cent reached in June 2025 (Eurostat, ei_lmhr_m). Comparing 2023 with 2024, the largest reduction was registered in Italy (-1.2 percentage points), albeit from a position of having the second highest unemployment rate (11.1 per cent) among the EU27 in 2024.

It has been estimated that those who are unemployed, those who are involuntary part-time workers, and those who are inactive but willing to work represent somewhat over 40 million people (Eurofound 2018 – discussing 2017). There are supplementary indicators used to monitor the evolution of underemployment: 'available but not seeking,' 'underemployment', and 'seeking but not available for work' (measured as a percentage of the active population). Two of these indicators show recent improvements (European Commission, 2019a; 2019b). The proportion of workers in the EU who are 'Available to work but not seeking' (which includes the so-called category of 'discouraged') stood at 2.7 per cent of the labour force in the final quarter of 2024 (European Commission, 2024a). This rate decreased by 0.1 percentage points compared to the same quarter of the previous year. 'Underemployment' (the proportion of those who would like to work additional hours and are available to do so) likewise fell slightly (-0.1 percentage points) to 2.4 per cent over the same period. But the rate of those 'Seeking but not available for work' remained stable at 0.9 per cent of the labour force on a year-by-year basis to the final quarter of 2024.

In previous reports in this series we reported on how the **long-term unemployment** rate (unemployment for 12 months or more) had doubled between 2008 and 2014 at EU level (that is, long-term unemployment as a percentage of the total number of active persons in the labour market). The long-term unemployment has recently risen and remains close to the pre-crisis rate of 2.6 per cent. Rates also remain higher than before the crisis in 13 Member States (Eurofound, 2022a).

The rate has thus fell marginally by -0.1 percentage points in the year up to the final quarter of 2024 (at 1.8 per cent) and long-term unemployment continues to affect about 4 million people (lower than the peak affected in Q4, 2010 - 8.6 million) (Eurostat online database une_ltu_q; data not seasonally adjusted). Similarly, those unemployed for 2 years or more represented over 1.9 million people (Q4, 2024), stable compared to the previous year (Eurostat online database une_ltu_q).

That unemployment continues to be an issue can be seen in how the proportions of Europe's unemployed people that are long-term unemployed continue to be high. This can be seen from what is called the *share* of unemployment that is constituted by long-term unemployment (that is, long-term unemployment -12 months or more- as a percentage of total unemployment). The share of long-term unemployed as a percentage of total unemployment fell in 2024 from 34.9 per cent (Q4 2023) to 32.2 per cent (Q4 2024), a decrease of 2.7 percentage points (Eurostat online database lfsq_upgal). In the context of the recovery from Covid-19, long-term unemployment continues to be a concern with implications in human and social terms and with financial costs and possible impacts on social cohesion.

Slovakia, Greece and Italy had the highest shares of long-term unemployment in quarter 4, 2024. The share was particularly striking for Greece (53 per cent) and remains considerably higher than it was in 2010 in Greece (39.2 per cent, Q1, 2010) (Eurostat online database, code lfsq_upgal). The lowest ratios were found in Denmark (13 per cent) followed by the Netherlands and Austria. Thus, some countries have higher transition rates from long-term unemployment back to employment than others.

There are groups that do relatively less well in the labour market. Amongst them are disabled people – for instance, in 2016 about 48.1 per cent of people with disabilities were employed in the EU compared with 73.9 per cent of people without disabilities (European Commission, 2019a). The employment rate of non-EU nationals (aged 20 to 64) was 14.8 percentage points lower than the overall rate in 2017 (Eurostat, 2018a).

Both older and younger workers experience lower employment rates than other age groups (Eurostat 2018a). While the employment rate for older workers (age 55-64) has been increasing over time – they are still the age group with the lowest employment rate (57.1 per cent as compared with 80.6 per cent for those aged 30-54 in 2017) (Eurostat 2018a, Figure 1.4). As already mentioned, in the final quarter of 2024 the EU employment rate increased for people of all ages compared with the final quarter of 2023 (European Commission, 2025g). This is a welcome development yet concerns remain regarding the implications of older age unemployment, as it is more likely to lead to long-term unemployment (International Labour Organization, 2018). A large proportion of older workers feel that it would be difficult to find a job with a similar salary if they lost their current job – 57 per cent aged over 55 think it would be difficult, while just 30 per cent of workers under the age of 35 feel the same, a finding that underpins the argument for increased training opportunities for older workers (Eurofound, 2019a).

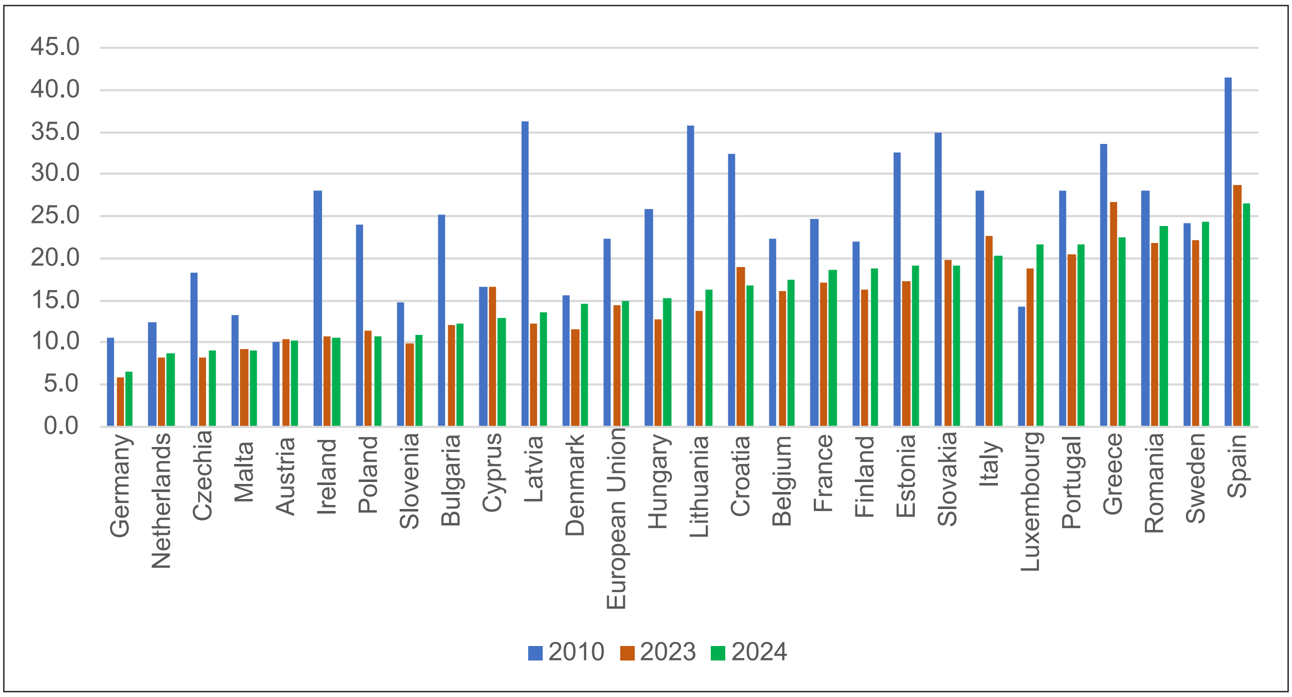
We turn next to the situation of young people who remain one of the most vulnerable groups in the labour market.

3.3 Youth Unemployment

In previous reports in this series, we reported on the great dis-improvement in the youth unemployment position following 2008. The degree of change seen between different countries was striking and this is the backdrop against which recent improvements must be seen. By 2013, the average EU-27 rate of youth unemployment (refers to those under 25) reached 25.2 per cent or some 4.9 million people (of the active population (Eurostat online database une_rt_a). In 2024, the average EU-27 rate fell to 14.9 per cent (representing 2.9 million people) roughly stable in relation to the rate of 14.6 recorded for 2023 (representing 2.8 million), consolidating a fall below the pre-pandemic level of 15.6 per cent for 2019 (as a percentage of active population) (Eurostat online database une_rt_a). The 2024 rate is also 7.5 percentage points lower than the level recorded in 2010.

Figure 21 shows, that there is great variation in the rates of youth unemployment across Europe and there were very great variations in the rate of its increase after 2010. The rates (2024) were highest in Spain (26.5 per cent), Sweden (24.3 per cent), and Romania (23.9 per cent) (Eurostat online database une_rt_a). By contrast, at the other end of the scale, the 2024 rate in Germany was 6.6 per cent and it was less than 10 per cent in three other countries (Netherlands, Czechia and Malta).

Figure 21 Youth Unemployment (% of active population), EU-27, 2010, 2023 and 2024



Source: Eurostat online database une_rt_a. Youth unemployment refers to those under 25 years.

In March 2025, youth unemployment stood at 14.5 per cent in the EU-27, 0.1 percentage points (PP) lower than in the same month of the previous year. A year-on-year increase between 2023 and 2024 was recorded in seventeen EU Member State, with the highest occurring in Denmark (3.1pp), Luxembourg (2.8pp) and Finland (2.6pp) (Eurostat, une_rt_a).

In a report on long-term unemployment amongst young people, Eurofound (2017b) notes that the young people concerned are difficult to reach and often lack education and work experience, and that they are also more likely to face additional challenges such as care responsibilities, poor health and lower levels of well-being than their peers. Eurofound suggests that they are not always in a position to take advantage of the economic improvements.

A related area of concern involves young people who are neither in education nor employment (known as NEETs). 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. It includes young people who are conventionally unemployed as well as other vulnerable groups such as young disabled people and young carers (Eurofound, 2016). 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 risk three times greater than those with tertiary education (European Commission 2017). Serious concerns have also been flagged about the so called 'missing' NEETs – young people who have a low level of education, have no work experience and are not registered with public employment services, and are therefore very difficult to reach and at risk of becoming deeply alienated (Eurofound, 2016).

The EU-27 average NEET rate (ages 15-29) was 11.1 per cent in the final quarter of 2024, which was marginally lower than in the same period one year earlier (-0.1 per cent) and lower than the peak of 16.1 per cent recorded in 2013 (Eurostat edat_lfse_20). The 2024 NEET rate (ages 15-29) was highest in Romania at 19.4 per cent followed by Italy (15.2 per cent), Lithuania (14.7) and Greece (14.2 per cent). This means that in Romania, for example, almost one in five young people is in this situation.

At the other end of the scale, the countries with the lowest rates were the Netherlands (4.9 per cent), Sweden and Malta. An increase in the NEETs rate was recorded in between 2023 and 2024 in eleven members states led by Estonia (+1.4 pp), Luxembourg (+1.4 pp) and the Lithuania (+1.2 pp).

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 24-29, in 2024 was 14.7 per cent (6.5 percentage points less than the 2010 rate of 20.2 per cent) (EU-27) (Eurostat edat_lfse_20). 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 in recent years, the situation of young people is still difficult especially for some groups and in some countries. As the OECD (2019a) notes (relative to its member countries, which are broader than the EU), some groups are already falling behind and labour market disparities are increasing in many countries and this has been especially marked for many young people and, particularly, the low-skilled. They state:

> They face an increased risk of low-paid employment when in work, and have experienced a rise in underemployment. Their risk of being neither in employment nor in education or training has also risen or remains high. Many of these changes appear structural and go beyond the effects of the recent crisis. And they may well exacerbate already high levels of labour market inequality, fostering further social and economic tensions. They also indicate that existing policies and institutions have been inadequate and need to be overhauled (OECD, 2019a).

As elsewhere, the impact of the ongoing 'cost of living crisis' induced by the Ukraine war and likely to be worsened by looming US tariffs has only served to accentuate these trends. This is particularly the case given that while young people will come to shoulder much of the long-term burden created by the current climate of global instability (OECD, 2020c).

3.4 Employment - Summary and Conclusions

The World Health Organisation's announcement on 5 May 2023 that Covid-19 was no longer a 'global public health emergency' was followed by the cessation of most formal recovery measures fostered in the EU and elsewhere (World Trade Organisation, 2023a). In the context of Europe's post-pandemic re-adjustment process, it is clear that emergency employment support measures served to mitigate what the European Commission described at its height as 'an economic shock without precedent since the Great Depression' (European Commission, 2020b).

The European Commission's latest economic forecast, issued on 19 May 2025, projects EU GDP to gradually recover from a low of 1.0 per cent in 2024 to rates of 1.1 per cent in 2025 and 1.5 per cent in 2026 (European Commission, 2025h). Drags on the pace of the EU's recovery most prominently include heightened inflation which reached a 'historic peak' of 7.6 per cent in March 2023. As the EU's economy shifts from recovery to a 'new normal' of low-to-moderate growth, slowly rising employment levels, declining unemployment and a reduction in involuntary part-time employment create an opening to address some of the longer-term challenges outlined in this chapter. The societal and economic legacies of the pandemic alongside the impacts of the ongoing war in Ukraine will continue to be profound, laying bare and accentuating structural disadvantages and deep-set inequalities.

Looking ahead, the likely impact of US tariffs likewise looms large within the broader European macroeconomic picture, with forecasts suggesting EU regions most likely to be adversely affected by a fall in EU-US trade and Chinese trade diversion include those with some of the highest levels of youth unemployment (CEPR, 2025; Bruegel, 2025). Moreover, the fallout from reduced EU-US trade affecting strategic sectors including pharmaceuticals and semiconductors alongside regulatory knock-on effects in areas such as AI may have significant implications for EU growth and development in coming years (Pamuk, 2025). It is thus vital that EU policymakers' respond to global challenges such as punitive US tariffs by utilising current momentum to deliver new and more effective rights to bolster the very workers and industries vital to Europe's ongoing adaption and growth.

This is particularly true in light of the fact that even prior to the impact of the Covid-19 pandemic, the EU was not on track to attain the Europe 2020 strategy target of 75 per cent by 2020. As we have seen throughout this chapter, there remains significant variations in the employment rates across 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. The lowest employment rates in 2024 were found in Spain, Greece and Sweden (looking at ages 20-64). It is notable that Greece has only recently begun to see a rate of employment in excess of that of 2010.

However, there are concerns about the way that the employment picture is evolving in recent years – especially regarding growth in temporary, part-time and precarious work and falling or stagnating wages. In relation to stagnating wages, Eurofound (2019a) draws attention to the case of Germany, where real wages grew significantly among the lowest-paid employees as a result of the introduction of a minimum wage in 2015 – in contrast to other countries where wage gains have been concentrated amongst higher earners.

Another issue is that employment recovery is not reaching all regions equally, as employment growth has been much stronger in the capital city regions of countries (Eurofound and the European Commission 2019).

In 2024, the annual unemployment rate (EU-27) was 5.9 per cent (representing 11.9 million people) (Eurostat une_rt_a). The numbers concerned are considerably lower than the number of unemployed people in 2010 (20.7 million) but remains close to the pre-pandemic level recorded in 2019 of 14.5 million. (Eurostat une_rt_a). The countries with the highest rates in 2024 were Spain (11.4 per cent), Greece (10.1 per cent), and Sweden (8.4). As of June 2025, the situation has continued to stabilise since the seismic shock of 2020.

Fortunately, the long-term unemployment rate is also continuing to fall as per the most recent figures available for the final quarter of 2024 (to 1.8 per cent), but it still affects about 4 million people (Eurostat online database une_ltu_q; data not seasonally adjusted). Those unemployed for 2 years or more represented over 1.9 million people (Q4, 2024). The share of long-term unemployed as a percentage of total unemployment fell in 2024 from 34.9 per cent (Q4 2023) to 32.2 (Q4 2024), a decrease of 2.7 percentage points (Eurostat online database lfsq_upgal). Thus, long-term unemployment continues to be a concern with implications in human and social terms and with financial costs and possible impacts on social cohesion. Slovakia, Greece and Italy had the highest shares of long-term unemployment at the end of 2024. The lowest ratios were found in Denmark (13 per cent) followed by the Netherlands and Austria.

Both older and younger workers experience lower employment rates than other age groups (Eurostat, 2018a). Becoming unemployed at an older age means being more likely to remain so and to experience long-term unemployment (International Labour Organization, 2018). Focusing on youth unemployment (those under 25), in 2024, the average EU-27 rate increased to 14.9 per cent (as a percentage of active population) relative to the 2023 rate of 14.5 per cent (Eurostat online database une_rt_a) (European Commission, 2021a). Spain is currently the country with the highest youth unemployment rate (26.5 per cent), followed by Sweden (24.3 per cent), and Romania (23.9 per cent).

A related area of concern involves young people who are neither in education nor employment (known as NEETs). 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). The EU-27 average NEET rate (ages 15-29) was 11.1 per cent in the final quarter of 2024, 0.1 per centage points lower than for the same period the previous year (Eurostat edat_lfse_20). The rate for the final quarter of 2024 was thus higher than the 2010 rate of 10.9 per cent (Eurostat edat_lfse_20). The 2024 NEET rate (ages 15-29) was highest in Italy where almost one in 5 young people is in this situation. Furthermore, when we look at the NEET rate for slightly older age groups the picture is even more concerning. 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.

It is interesting to note that the OECD has recently argued for a focus on well-being, lifelong learning (or adult learning) and reshaping social protection provisions to ensure better coverage of workers in non-standard forms of employment as well as greater social dialogue to form an enduring post-pandemic recovery (OECD, 2009a; 2020f). Overall, despite very welcome improvements in employment in the EU prior to spring 2020, there remain significant ongoing issues and challenges ahead that require policy responses for the post-pandemic era. The relative improvements of recent years and current momentum toward rebuilding a more resilient post-pandemic economy should lead to actions to address the problems that still exist and to anticipate future challenges.

4 Key Services

Amongst the core rights that need to guide policy-making in the future identified by *Social Justice Ireland* (See **Table 3** in Section 1, above) are the right to appropriate accommodation, to relevant education, to essential healthcare, and to real participation. At least three functions of welfare systems are recognised: social investment (through education, for example), social protection (providing safeguards across the life-cycle) and stabilisation of the economy (by cushioning shocks when unemployment increases). As well as income support, access to enabling services (such as early childhood education and care, education and training, transport, housing, job assistance, health care and long-term care) also play an essential role in reducing depth of poverty and supporting people to improve their living conditions and employment prospects (Social Protection Committee 2015). It is interesting that a recent Eurofound report (2019c) found that perceived quality of public services is a key driver for higher trust in institutions.

In this Section, we look at two of these vital supports – education and health. Access to both is now listed amongst the European Pillar of Social Rights Action Plan (EPSRAP).

4.1 Education

As mentioned in **Section 1**, *Social Justice Ireland* includes the right to relevant education amongst its core rights that need to guide policy-making in the future. The EPSRAP strategy has set the following 2030 targets in the field of education –

- Reducing early school leaving rate to below 9 per cent, and
- Completion of third level education by at least 45 per cent of 25-34 year-olds.

In this section, we will look at progress towards achieving these targets along with the situation in relation to lifelong learning and adult literacy. It is worth noting that in Sustainable Development Goal 4, 'Quality Education', the European Union seeks to ensure access to equitable and quality education through all stages of life, aiming to increase the number of people with relevant skills for employment, decent jobs and entrepreneurship and envisages the elimination of gender and income disparities in access to education (Eurostat, 2017). The achievement of universal literacy and numeracy and the acquisition of knowledge and skills to promote sustainable development are also considered crucial for empowering people to live independent, healthy and sustainable lives. 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

Early School-Leaving

Reducing early school-leaving has been seen as a 'gateway' to achieving other EPSRAP Strategy targets. For example, in other parts of this report, we have pointed to how lower levels of education leaves people at greater risk of a range of negative outcomes – such as unemployment or experiencing neither education nor training (or becoming a so-called 'NEET). Early leavers from education and training are defined as those aged 18-24 with at most lower secondary education and who were not in further education or training during the last four weeks preceding the survey[7].

The average early school leaving rate across Europe in 2024, the most recent year for which data is available, was 9.3 per cent. The 2024 rate was down marginally from the 2023 level of 9.5 per cent. While it has fallen significantly from 2010, when it was 14.8 per cent, it has not decreased to a great extent in the most recent years (Eurostat database, edat_lfse_14). 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, stagnated. As a report from Eurostat (2020a) states, a renewed effort will be needed to ensure 2020 targets can be met across the EU while EPSRAP targets for 2030 also remain as yet unattained. See **Figure 22.**

There are wide disparities between European countries when it comes to the rate of early school leaving. In 2024 the highest rates of early school leaving were to be found in Romania (16.8 per cent), Spain (13 per cent), Germany (12.4 per cent) and Italy (11.3 per cent). There is still a very great gap between the countries with the highest rates and that with the lowest rate, Croatia (with a rate of 2.0 per cent).

Comparing 2024 with 2010, the greatest improvements have occurred in Portugal (-21.7 percentage points), Spain (-15.2 percentage points) and Malta (-11.8 percentage points). There have been disimprovements in other countries, including some with traditionally relatively low rates such as Slovakia (+2.8 percentage points) and Czechia (+3.5 percentage points).

Improvements in the rate of early school leaving are welcome. However, because the consequences for individuals and for society are so grave in terms of increased risk of unemployment, poverty and social exclusion (European Commission 2013), it is an issue that requires ongoing attention from policy-makers. For instance, about two-thirds of children of parents with at most lower secondary education were at risk of poverty or social exclusion in 2018 (Eurostat 2020a) and 55.7 per cent of 18 to 24-year-old early leavers from education and training were either unemployed or inactive (in 2017) (Eurostat 2018a).

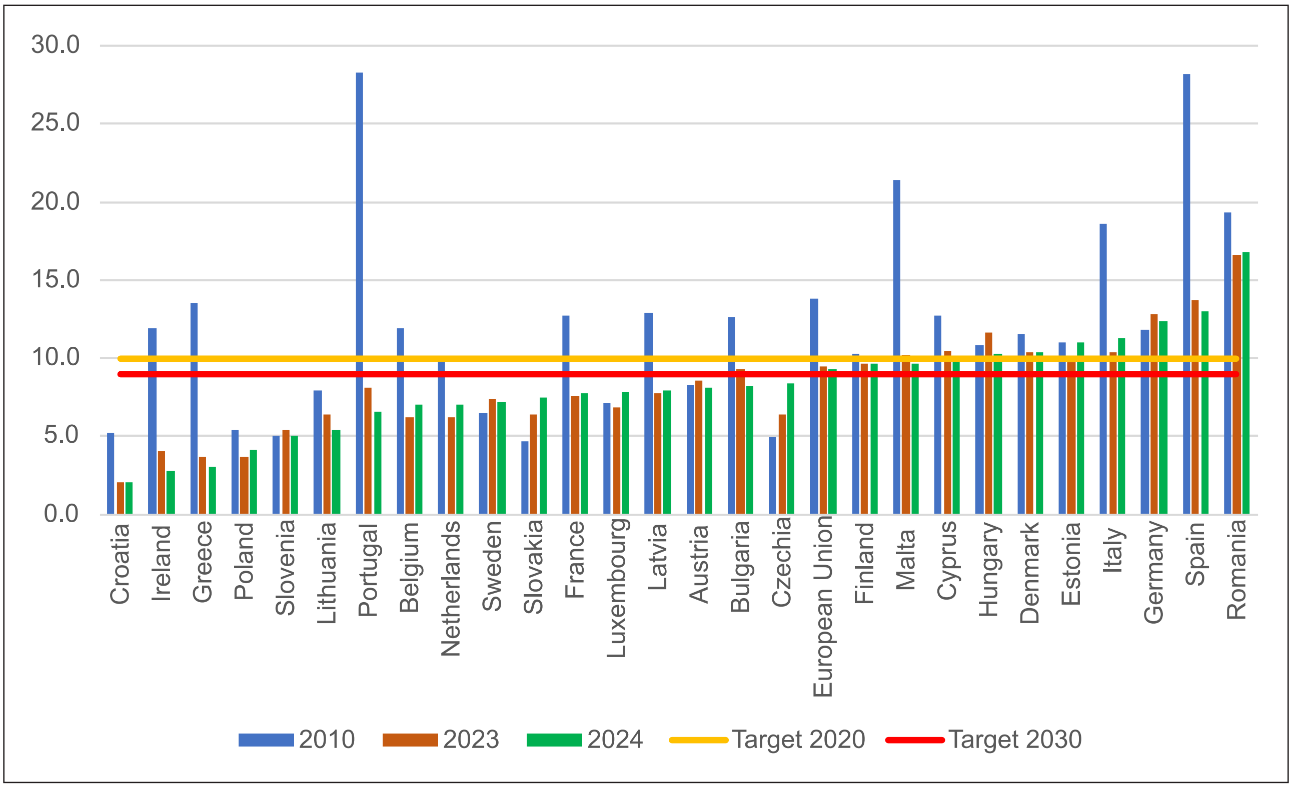
Furthermore, some groups such as disabled people are particularly vulnerable - the proportion of early school leavers among young disabled people is 23.6 per cent, which is much higher than the rate for non-disabled younger people (European Commission 2019a)[8]. Across the EU, rates of early leaving from education and training are generally higher for people who live in a country different from the one they were born in (Eurostat 2020a).

One survey of social justice in Europe suggests that to minimise the negative influence of socioeconomic background on educational outcomes, it is important that socially weaker families receive targeted support allowing them to invest in good education (for instance through minimising fees for preschools and whole-day schools) (Schraad-Tischler *et al.* 2017). That report highlights how the Nordic states, in particular, stand out with regard to policy strategies that support young people and families with exemplary preschool, whole-day school and flexible parental-leave offerings and suggests that their successful approach to combining parenting and working life thus offers a model for reform in other countries.

7 Lower secondary education refers to ISCED (International Standard Classification of Education) 2011 level 0-2 for data from 2014 onwards and to ISCED 1997 level 0-3C short for data up to 2013. The indicator is based on the EU Labour Force Survey (Eurostat online database edat_lfse_14)

8 This relates to 2016 and (for statistical reasons based on which surveys the rates are derived from) the comparable rate for non-disabled young people is 12 per cent, which is different to that derived from the EU ELS – the different rates come from SILC and are used in the report cited here so as to be able to compare with early school leavers with disabilities (See European Commission 2019a).

Figure 22 Early School-Leaving (%), EU-27, 2010, 2023 and 2024



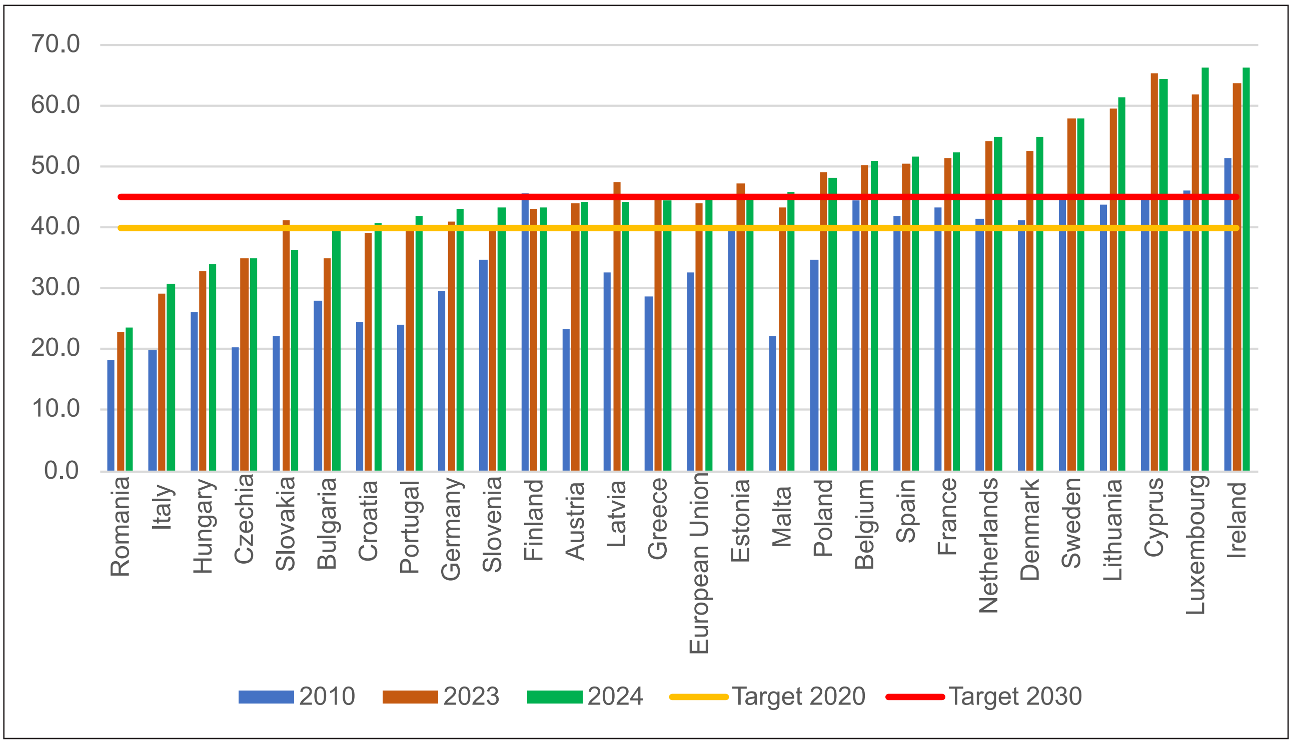
Source: Eurostat online database, edat_lfse_14. Line shows the <10 per cent target set in the Europe 2020 strategy and 2030 Target of 9%.

Completion of Third Level Education

When it comes to third-level education, the target set in the Europe 2020 strategy was for completion of third level education by at least 40 per cent of 25-34 year-olds by 2020 and the current EPSRAP 2030 target aims for a 45 per cent participation rate. In 2024, the EU-27 average was 44.8 per cent so the target has been reached. This is an area showing large improvements since 2010 when the rate had been 32.6 per cent (Eurostat online database code edat_lfse_03). Many countries exceed the target, as **Figure 23** shows, with Ireland, Luxembourg, Cyprus, Lithuania, Sweden, Denmark, Netherlands, France, Spain and Belgium at the top of the league (all with rates at or over 50 per cent), and Romania (23.6 per cent), Italy (30.7) and Hungary (34.1) at the bottom. There is a 42.8 percentage point gap between the country with the highest rate (Ireland) and that with the lowest (Romania) (2024).

The average rate improved between 2023 and 2024 (0.9 percentage points). In six countries, there was a disimprovement in the rate, amongst which were Slovakia (-4.7 percentage points), Latvia (-3.1 percentage points), Estonia (-2 percentage points) and Poland (-1.1 percentage points). But the rate improved in most other countries, with the greatest improvements occurring in Bulgaria (+4.7 percentage points) and Luxembourg (+4.4).

Figure 23 Tertiary Education Attainment (%), EU27, (ages 25-34) 2010, 2023 and 2024



Source: Eurostat online database code edat_lfse_03. Line shows the 40 per cent target set in the Europe 2020 strategy and 45 per cent target set by the EPSRAP

In previous reports we have made the point that progress not only needs to continue to be made to address the Europe 2020 and EPSRAP targets in education, but also to manage problems that have emerged/worsened since 2010. For example, the results of the 2022 PISA[9] tests created alarm about the level of competence of 15-year-old Europeans, showing rates of underachievement in mathematics, reading and science grew for most EU countries relative to 2018 (European Commission 2024e). Overall, 30 per cent of EU students failed to reach a minimum proficiency level in mathematics while 25 per cent failed to do so in reading and science. This was a step backwards compared to 2018 and the EU as a whole is seriously lagging behind in all three domains.

This shortfall is also evident in relation to targets set in EU's strategic framework for cooperation in education and training under which targets were set for 2030. The European Education Area strategic framework (EEASF) set a benchmark that less than 15 per cent of 15-year-olds should be low-achievers in reading, mathematics and science (low achievers are students who have failed to reach level 2 of the PISA test) (European Commission, 2025i). The latest round of results for 2022 affirms global trend which show Asian school systems such as China and Singapore getting the best results. Of EU countries, Sweden, Poland, Ireland, Finland, Estonia, Denmark and Czechia scored above the OECD average across all three areas, while Slovenia, Latvia, Belgium and Austria did so in two of three (OECD, 2022).

As the Commission notes (2020a), there is strong evidence that low achievers at the age of 15 will remain low achievers as adults, because the lack of basic skills strongly reduces the likelihood of a person achieving a satisfactory labour market outcome. The poor PISA scores were linked to

9 The OECD's Programme for International Student Assessment (PISA) is a triennial international survey which aims to evaluate education systems worldwide by testing the skills and knowledge of 15-year-old students. See http://www.oecd.org/pisa/aboutpisa/.

social background, measured by parents' education attainment level – having parents with only low-level education reduces students' chances of achieving high scores in PISA and attaining high skill levels during adulthood (European Commission 2020a). As the European Commission notes, in some countries, the relatively tight connection between parental background and a person's achievement means that the educational system alone is unable to ensure equality of opportunity. Along with lifelong learning, promoting early childhood education for all can be effective in establishing a level playing field that reduces inequalities at an early stage in the life and work cycle (European Commission 2020a).

A related issue is the cohort of young people Not in Employment, Education or Training – the so-called NEETs, as discussed in **Section 3** of this report. As mentioned there, this is considered one of the most concerning indicators relative to young people. A review from Eurofound concerned with NEETs identified education as playing a key role in keeping people out of this category, as the probability of becoming NEET decreased as educational level increased (Eurofound 2016).

Among the factors that the OECD points to in terms of integrating young people into the world of work are education systems that are flexible and responsive to the needs of the labour market, access to high-quality career guidance and further education that can help young people to match their skills to prospective jobs (OECD 2015). Most recently, this has been stressed again by the OECD in the context of 'building back better' following the post-pandemic recovery, including the provision of 'targeted policies and services' for the most vulnerable youth populations such as NEETs (OECD, 2020c).

Lifelong Learning

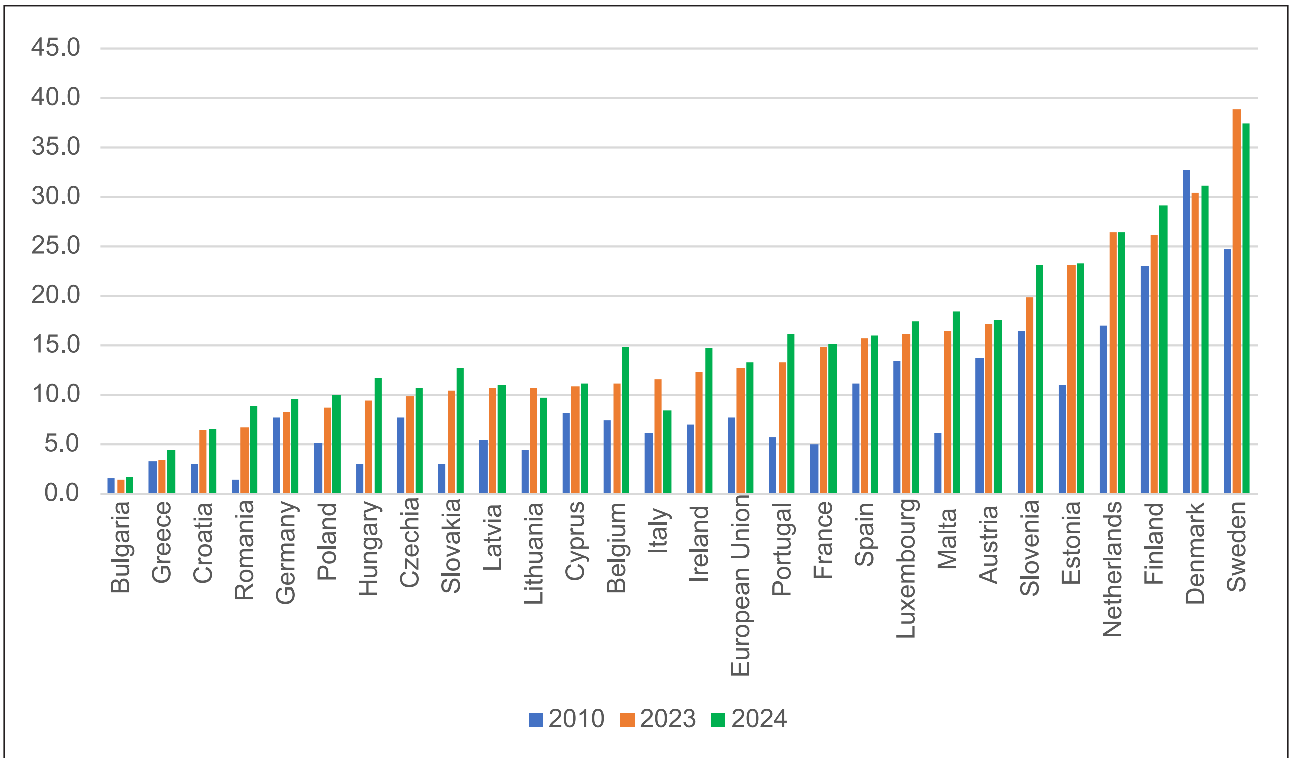
Lifelong learning can play many important roles in the life of an individual, not least offering a second chance for people who may not have had good experiences in school first time around. In economic terms it is recognised that countries need to invest not just in initial education and training systems but also in lifelong learning to ensure that skills are used, maintained and updated. This is obviously of particular importance in ageing societies, not just in human terms, but also because there is more and more emphasis on extending working lives. Furthermore, reviewing the very great difficulties that some young people have in transitioning from school to work, the OECD notes how many leave education without the skills needed for the labour market or to continue further in education (2015). Hence, they argue, efforts should concentrate on ensuring that those with low-skills participate in adult learning as well as improving adult learning programmes. Despite their apparent greater need for training, the participation of low-skilled people in lifelong learning/training activities (both when employed and unemployed) is much lower than for other groups (European Commission 2016a). A target for 2020 set out that an average of at least 15 per cent of adults (age group 25-64) should have participated in education in the last four weeks. In 2024 the average rate of participation in lifelong learning was 13.3 per cent (slightly up on the 12.8 per cent rate, 2023) (measured through the participation rate for people aged 25-64 in training and education in the past four weeks[10]). It is higher than it had been in 2010 (when it was 7.8 per cent) but in recent years increases have only been marginal (Eurostat online database, trng_lfse_01). The European Commission argues that such a relatively low rate (representing just one in ten of those aged 25-64 regardless of labour-market status) represents a real lost opportunity (2016a). Clearly, the EU did not reach the target (15 per cent average) set for 2020.

[10] Lifelong learning: those aged 25-64 who received education/ training in four weeks preceding the survey. The denominator consists of the total population of the same age group, excluding those who did not answer to the question. This relates to all education or training whether relevant to the person's current or possible future job (Eurostat trng_lfse_01).

There is great variation across Europe in terms of the rates of participation. Nordic countries tend to top the table; in 2024 the top three countries were Sweden (37.5 per cent), Denmark (31.2 per cent) and Finland (29.1 per cent). They were followed by the Netherlands, Estonia and Slovenia. At the other end of the scale, the rate was lowest in Bulgaria (1.8 per cent), Greece and Croatia. Thus, there is close to a 35.7 percentage point difference between Sweden with the highest rate and Bulgaria with the lowest. See **Figure 24.**

There have been dis-improvements in the rates in three countries between 2023 and 2024. Some declines were slight, but the most notable decline was Italy (-3.1 percentage points, 2023-24). Improvements occurred in several countries with the most notable improvement (+3.8 percentage points) in Belgium – a country with a traditionally below-average rate. Slovenia and Finland (+3 and +3.2 per centage points respectively) also showed improvements.

Figure 24 Lifelong Learning, (%) EU-27, 2010, 2023 and 2024



Source: Eurostat online database**, trng_lfse_01**

European countries with the highest levels of participation in lifelong learning for both employed and unemployed people also have the highest transition rates out of unemployment and lowest transition rates from employment to unemployment, which obviously has positive implications for the prevention of long-term unemployment (European Commission 2015). The European Commission draws attention to the fact that several countries with the highest rates of participation in lifelong learning are also the world's most competitive (European Commission 2015). Here, countries like Finland, Denmark, the Netherlands and Sweden stand out as being among the top five countries in terms of lifelong learning participation rates and competitiveness as well as a new measure pioneered in the wake of the pandemic, namely 'transformation readiness' (ranking respectively 1st, 4th, 5th and 6th internationally) (World Economic Forum 2020). In this context, the World Economic Forum (2021) has stressed that shifts including digitalisation and automation have combined with the impact of Covid to produce a 'massively shifting skill needs for the workforce'. The benefit of lifelong learning - particularly in the aftermath of lockdowns which forced a sharp growth in virtual working - has become essential to both preventing 'digital exclusion' and fostering 'smart' growth (European Commission, 2020d).

As mentioned in **Section 3** of this report, the OECD (2020f) has recently again drawn attention to the need for adult learning in the context of a range of broad societal challenges. They highlight the need to move away from a model of front-loaded education – whereby recognised skills are mainly developed in schools and universities and subsequently used at work – to a system in which skills are continuously updated during the working life to match changing skills needs and the need to anticipate changes and adapt policies to better target disadvantaged groups.

Adult Literacy

As we noted in previous iterations of this report, problems relating to **adult literacy** represent a challenge for individuals and for societies. They are a potentially significant barrier to achieving the aims of the Europe 2020 targets for inclusive growth, given that those with low literacy skills are almost twice as likely to be unemployed than others, are more likely than those with better literacy skills to report poor health, to believe that they have little impact on political processes, and not to participate in communal or volunteer activities (OECD, 2013).

Assessments of literacy across countries can be complicated processes. In this series of reports, we look briefly at one indicator of adult literacy across Europe – the OECD's Survey of Adult Skills, including results for the second round (study conducted 2014-2017) (OECD, 2013; 2016c, 2019b). Its most recent round brings to 21, the EU countries participating. Data from Round 3 released in November 2019 adds Hungary to the list of participating EU countries (along with Ecuador, Kazakhstan, Mexico, Peru and United States).

The Survey of Adult Skills (PIAAC) defines literacy as the ability to 'understand, evaluate, use and engage with written texts to participate in society, achieve one's goals, and develop one's knowledge and potential' (OECD 2013). It also examined reading digital texts and involved 5 levels of skill graded from below level 1 to level 4/5. The results from the assessment are reported on a 500-point scale; a higher score indicates greater proficiency; to help interpret the scores, the scale is divided into proficiency levels. Each level of proficiency is described within the study. For example, an indication of the types of tasks that respondents can complete at level 1 in literacy is as follows:

A person who scores at Level 1 in literacy can successfully complete reading tasks that require reading relatively short texts to locate a single piece of information, which is identical to or synonymous with the information given in the question or directive and in which there is little competing information (OECD 2016c: 21).

Numeracy is defined as: 'the ability to access, use, interpret and communicate mathematical information and ideas in order to engage in and manage the mathematical demands of a range of situations in adult life' (OECD 2013: 75). **Table 5** shows the findings in respect of the 21 European countries that participated in all three rounds (the third announced in November 2019).

Table 5 Average Literacy/Numeracy Proficiency among Adults, Ages 16-65

	Average Literacy proficiency	Average Numeracy Proficiency
Significantly above average	Finland Netherlands Sweden Estonia Flanders (Belgium) Czechia Slovakia England (UK) Denmark Germany Austria Cyprus	Finland Flanders (Belgium) Netherlands Sweden Denmark Slovakia Czechia Austria Estonia Hungary Germany Lithuania Cyprus
Not significantly different from the average	Northern Ireland (UK) Poland Lithuania Ireland	England (UK) Poland Northern Ireland (UK)
Significantly below the average	Hungary France Slovenia Greece Spain Italy	Slovenia Ireland France Greece Italy Spain

Source: OECD 2019b. Non-EU countries omitted from this table. Results were presented separately for England and Northern Ireland; for Belgium, Flanders was the participating area.
Note: The average literacy score across the OECD countries that participated in the assessment was 266 points, numeracy, 262. The mean score across all participating countries was lower than those calculated during previous rounds (due to the addition of further countries)[11].

The average literacy score for the OECD member countries participating in the assessment was 266 points. The lowest average scores were observed in Italy (250 points), Spain and Greece (that is, amongst participating EU countries), while Finland (288 points), Netherlands and Sweden record the highest. This means that an adult with a proficiency score at the average level in Italy can typically only successfully complete tasks of level 2 literacy difficulty; in Finland the corresponding level of difficulty is higher - level 3.

The average numeracy score among the OECD member countries participating in the assessment is 262 points. Looking only at participating EU countries, Finland has the highest average score (282 points) followed by Belgium, the Netherlands, Sweden and Denmark, while Spain (246 points) and Italy (247 points) record the lowest average scores.

Notwithstanding this, overall the variation in literacy and numeracy proficiency between the adult populations in the participating countries is considered relatively small (OECD 2013).

11 In the results of the previous round, which included fewer countries, the average scores were: literacy 268; numeracy 263 (OECD 2013:70,80).

In both literacy and numeracy proficiency, some participating countries do significantly better than average – Finland's performance (topping the table in both literacy and numeracy) is notable. Also scoring relatively high in both are the Netherlands, Sweden and Belgium.

Adult skills matter, because as that report argues, where large shares of adults have poor skills, it becomes difficult to introduce productivity-enhancing technologies and new ways of working, which in turn stalls improvements in living standards and tends to widen income inequality (OECD 2019b). Furthermore, in all countries, adults with lower skills are far more likely than those with better literacy skills to report poor health, to be less involved in political processes and to have less trust in others.

We can also look at these countries in light of the education indicators already discussed (early school leaving, third level attainment of 25-34 year olds, and participation in lifelong learning of adults). It is interesting to note that certain countries tend to be better performers across several or all indicators. These include, in particular, Finland, Sweden, Denmark, the Netherlands. Luxembourg is ranked relatively highly on most indicators though they did not participate in the survey of adult literacy. Overall, this examination suggests that the policies pursued by these countries seem to impact a range of different groups positively.

Croatia tops the league for the lowest early school leaving rate but performs below average on other measures and they did not participate in the adult literacy survey. Poland likewise performs notably well on early school-leaving (ranked fourth highest performing after Croatia, Ireland, and Greece, 2024) and is above average on third level attainment and slightly above the average on lifelong learning. The performance of Lithuania is fourth highest amongst EU-27 countries in third-level attainment; they are the sixth best performing on the early school leaving rate but they do not perform above the EU average in lifelong learning.

Denmark, Sweden and Finland, as well as Slovenia, Lithuania and Estonia are considered to perform well in terms of granting equal access to education (Schraad-Tischler *et al.* 2017). Finland and Estonia were singled out surveys of social justice from Bertelsmann Stiftung for education systems that provide both equity *and* quality education where children even from socially disadvantaged family homes experience prospects equal to those of children from socially better-off families (Schraad-Tischler 2015; Schraad-Tischler *et al.* 2017).

It is clear that these are complex and dynamic issues involving policy impacts on different groups and age cohorts over time and in which the policies pursued can have quite different outcomes in relation to different indicators and for different groups. It is also true that certain countries seem to pursue policies that produce better outcomes across a range of groups.

4.2 Education - Conclusion

It is welcome that progress has been made towards reaching targets set in the Europe 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.

Improvements in the average (EU-27) rate of early school leaving since 2010 is welcome, with the rate for 2024 standing at 9.3 per cent remains above the <9 per cent target set in the EPSRAP strategy. But while the average rate has fallen significantly from 2010, it has not decreased to any extent in the most recent years – so progress has stalled. There are wide disparities between European countries when it comes to the rate of early school leaving. In 2024 the highest rates were to be found in Romania (16.8 per cent), Spain (13 per cent), Germany (12.4 per cent) and Italy (11.3 per cent). There is still a very great gap between the countries with the highest rates, and that with the lowest rate, Croatia (with a rate of 2.0 per cent). Some groups (including disabled people) continue to have relatively very high rates. Furthermore, because its consequences for individuals and for society are so grave in terms of increased risk of unemployment, poverty and social exclusion, it is an issue that requires ongoing attention from policy-makers and a renewed effort will be needed to generate momentum toward achieving the most ambitious 2030 EPSRAP target.

For third level attainment, the target set in the EPSRAP strategy is that at least 45 per cent of 25-34 year-olds should complete third level. In 2024, the EU-27 average was 44.8 per cent so the target has been reached. This is an area showing large improvements since 2010 when the average rate had been 32.6 per cent. In 2024, thirteen countries had with rates of third level attainment at or over 45 per cent. However, there is a 42.8 percentage point gap between the country with the highest rate (Ireland) and that with the lowest (Romania) (2024).

One of the problems that Europe 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 and EPSRAP strategies, 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. One issue is the phenomenon of NEETs, young people Not in Employment, Education or Training (see **Section 3** of this report). Education plays a key role in keeping people out of the NEET category.

When we look at lifelong learning, relatively very low rates of participation in many EU countries represents a lost opportunity both for individuals and for societies and economies. At 11 per cent, the average rate is above what it had been in 2010 (7.8 per cent) but in recent years increases have only been marginal – so the fact that the rate is stagnating is unfortunate given that basic skills are lacking for so many people and much remains to be done to improve adult literacy in many countries. The EU has failed to reach the lifelong learning target (15 per cent average) set for 2020. There is great variation across Europe in terms of the rates of participation. Northern European countries tend to top the table; in 2024 the top five countries included the Netherlands, Finland, Denmark and Sweden. At the other end of the scale, the rate was lowest in Bulgaria, Greece and Croatia. There is close to a 35.7 percentage point difference between Sweden with the highest rate and Bulgaria with the lowest. Certain countries tend to be better performers across several or all education indicators. These include, in particular, Finland, Sweden, Denmark, the Netherlands.

4.3 Health Services

As mentioned in **Section 1**, *Social Justice Ireland* includes the right to essential healthcare amongst its core rights that need to guide policy-making in the future. As Europe and the world aims to recover from the worst public health crisis in a century, (Calina et al. 2020), the issue of access to health care and of reducing health inequalities has become central to ensuring an effective, equitable and lasting recovery. While the complex legacies of the Covid-19 pandemic has tended to exacerbate such inequalities, the goals of the Europe 2020 strategy – which aims to ensure better access to healthcare as an essential ingredient of inclusive growth – appears more pressing than ever before (OECD, 2020d). Its aims build upon both the UN Sustainable Development Goals (SDG 3), which aim to ensure health and well-being for all at all ages, and the European Pillar of Social Rights which calls for universal access to high-quality healthcare and emphasises the importance of preventive healthcare.

In international terms, European countries stand out globally as leaders in health care and provision (GBD 2015 Healthcare Access, 2017). EU citizens enjoy near-universal access to healthcare, their life expectancy remains among the highest in the world while infant mortality rates have dropped to very low levels; and health expenditure constitutes a significant part of government and private expenditure (Eurostat 2018b).

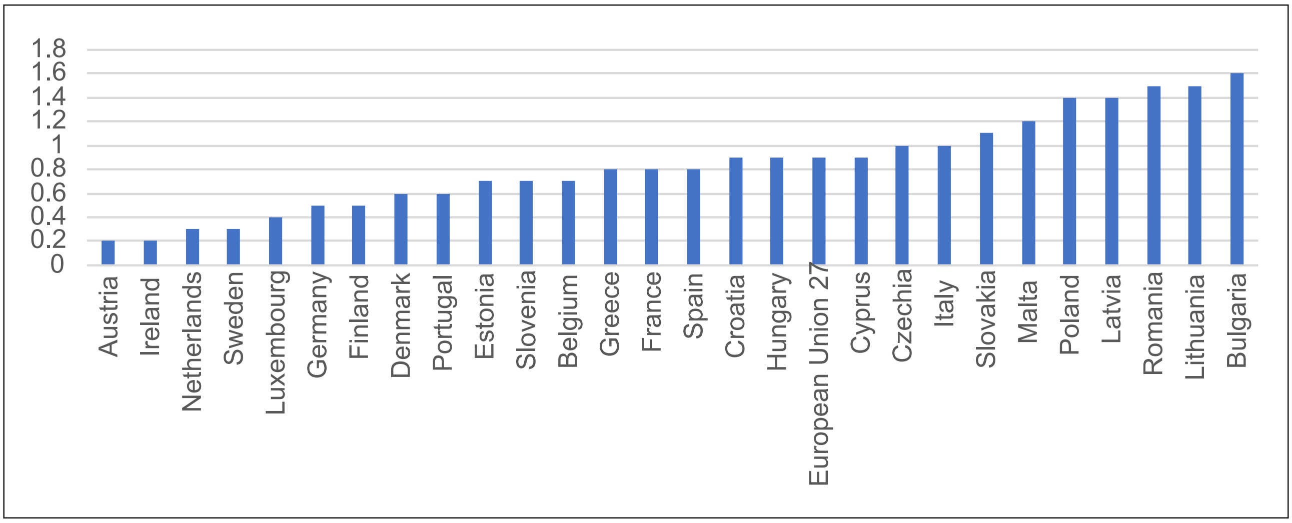
However, as previous reports in this series have discussed, following the economic crash of 2008-09, many people in the EU experienced an erosion of health coverage (Thomson, Evetovits and Kluge, 2016) which has only become more starkly evident in the wake of the coronavirus pandemic (World Health Organisation, 2020). In Greece, for example, nearly 2.5 million people lost access to health services during the crisis due to unemployment or inability to pay health insurance contributions (Economou *et al.* 2017) before remedial legislation restored coverage for the whole population in 2016. As a result of this, when the pandemic hit in spring 2020, Greece possessed just 560 Intensive Care Unit (ICU) beds to serve a population of 10.7 million (Damaskos et al. 2020). Rebalancing sharp inequalities between public and private healthcare through the temporary nationalisation of private health care facilities in November 2020 and March 2021 played an important role in ensuring Greece could effectively withstand the second and third waves of the pandemic (Klatt, 2021)

Previous reports in this series have looked at the social justice index from Bertelsmann Stiftung, the most recent iteration of which relates to 2019 (see Social Justice Ireland 2019; Hellmann et al. 2019). The latter report uses a combination of indicators to arrive at a basic impression of differing degrees of fairness, inclusiveness and quality between health systems in EU countries and it allocated a score to each country (Hellmann et al. 2019). Overall, the report argues that quality of healthcare is high in Europe. But amongst the 19 countries for which comparison is possible with 2008, deterioration between then and 2017 was noted in 10 countries, the largest deterioration in Greece. In 2019, Luxembourg, France and Italy came within the top five places followed by the Spain and Denmark within the top ten. Country ratings vary depending on the indicators employed. In another cross-country comparison, the Netherlands, Denmark, Belgium, Finland, Luxembourg, Sweden, France and Germany were the top performers amongst EU countries (European Consumer Powerhouse 2018).

Life expectancy has increased in EU countries over the past decades, but this rise has slowed since 2010 in many countries (OECD, 2020d) and markedly declined in all but nine EU Member States between 2020 and 2021 due in part to the impacts of the Covid-19 pandemic. As **Figure 25** illustrates, every EU Member State experienced a rise in life expectancy between 2022 and 2023, with the greatest increases registered in Bulgaria (+1.6 years), Lithuania and Romania (both +1.5 years), and Latvia (+1.4 years). The smallest improvements were seen in countries with traditionally high life expectancy: Austria and Ireland (+0.2 years each) and the Netherlands and Sweden (+0.3 years each).

Large inequalities in life expectancy persist not only by gender (women still live nearly 5.5 years more than men on average), but also by socioeconomic status; on average across EU countries, 30-year-old men with a low education level can expect to live about 7 years less than those with a university degree or the equivalent. Large inequalities also exist in how people experience chronic disease: in the EU, 27 per cent of people aged 65 and over in the highest income quintile reported at least two chronic diseases, compared with 46 per cent for those in the lowest income quintile (OECD, 2020d).

Figure 25 Life Expectancy EU-27, Change in Years, 2022 to 2023



Source: Eurostat online database**, demo_mlexpec.**
Note: Refers to projectors for those less than one year of age.

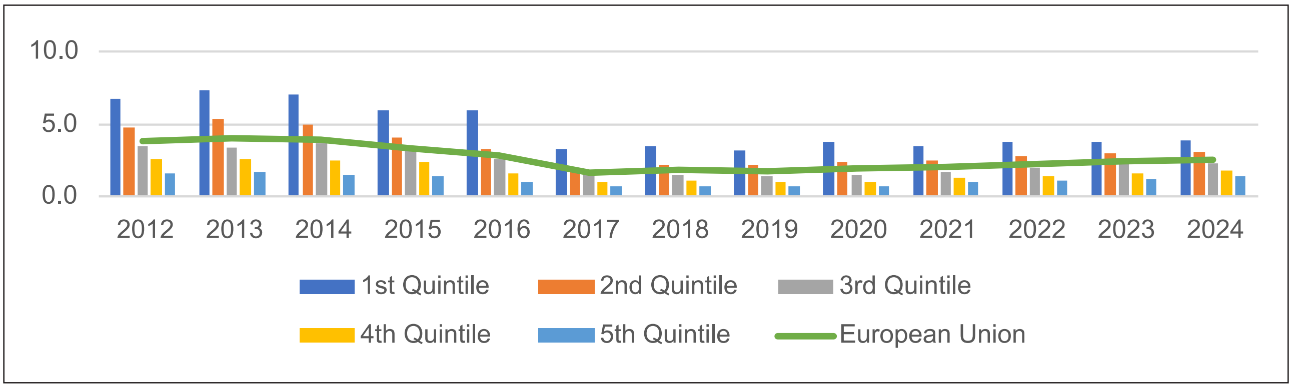
There is great diversity in healthcare systems across the EU. A report from Alvarez-Galvez and Jaime-Castillo (2018) evidences positive effects of social spending on reducing inequalities in health in a broad sample of European countries across a long period of time. It is challenging to compare health systems, health expenditures and health outcomes for different groups and different countries. When self-reported measures of the experience of health services are used, there is a danger of cultural differences and divergent local expectations affecting the outcomes, which makes cross-country comparisons challenging.

As in previous iterations of this report, we will look at different approaches that allow an examination over time. The first is self-reported unmet need for medical help from Eurostat. The second, involves looking at overall perceptions of the quality of health services from the European Quality of Life Survey (2007-2016) (Eurofound 2017c; 2019c). Eurostat publishes rates of self-reported unmet need defined as the share of the population perceiving an unmet need for medical examination or treatment (online database hlth_silc_08). This is one of the social protection indicators used in the social protection performance monitor (SPPM) by the EU's Social Protection Committee (The Social Protection Committee 2020).

A number of reasons may be given for inability to avail of medical treatment, but in this case we look at reasons associated with problems of access (could not afford to, waiting list, too far to travel). The average rate of perceived unmet need for medical treatment (due to difficulties with access) was falling up until 2009 when it started to increase again. It reached 4.0 per cent across the EU27 in 2013 with noticeable improvement between 2013 and 2019 up to the eve of the pandemic. The average rate for the EU27 was 2.0 per cent in 2021 rising by 0.2 percentage points to 2.2 in 2022. (Eurostat online database code hlth_silc-08).

However, as **Figure 26** shows, the perception is different between different income quintiles with more perceived unmet need in the poorer quintiles. As in previous years, in 2024, it was least perceived in the top income earners (5th quintile) (1.4 per cent) and most amongst the lowest earners (or 1st quintile) (3.9 per cent). In short, as the EU's Social Protection Committee (2020) notes, there is a clear income gradient as those in the lowest income quintiles more often report an unmet need for medical care, and the gap between the lowest and highest quintiles rose during the crisis years. Between 2023 and 2024, there has been a slight increase in the average rate and in the perception of unmet need in the lowest income group and the second lowest cohort (quintiles 1 and 2).

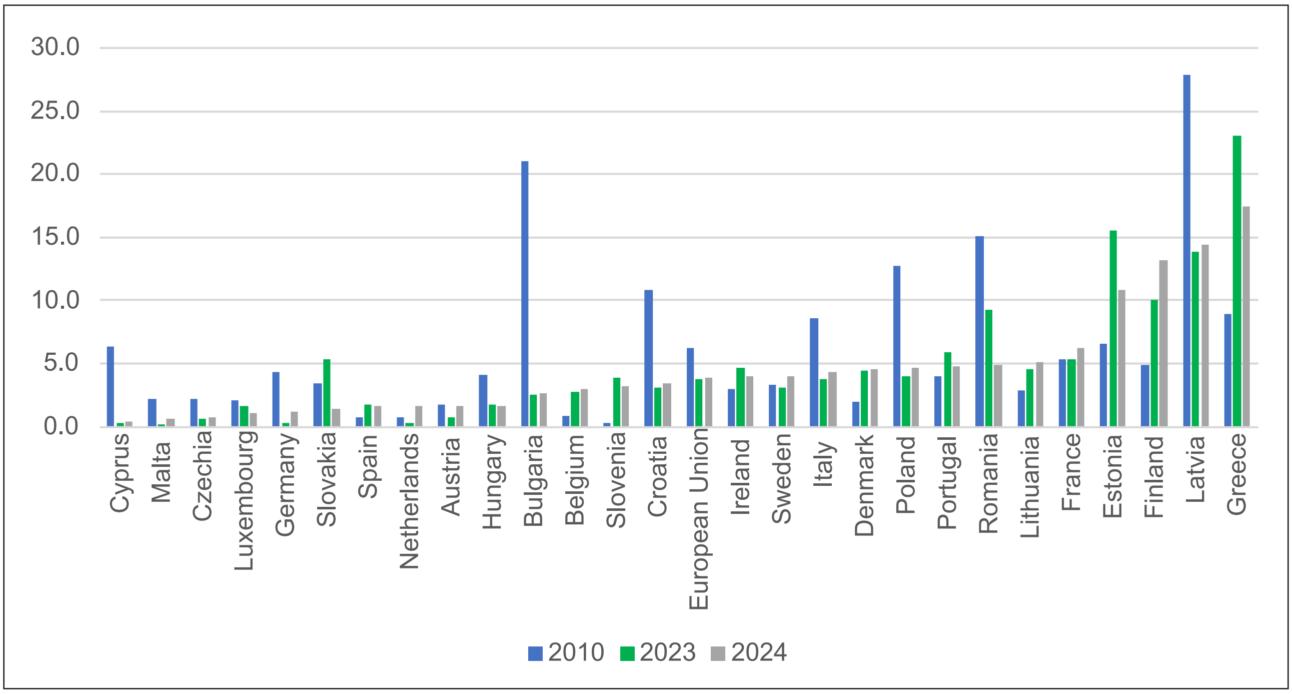
Figure 26 Self-reported unmet need for Medical Examination or Treatment Due to Problem of Access (%), EU-27, 2010-2024, By income Quintile



Source: Eurostat online database hlth_silc_08. Reasons associated with problems of access: 'could not afford to, waiting list, too far to travel'. 16 Years and older.

Figure 27 provides a snapshot of how citizens of individual EU member states in the lowest income bracket (1st quintile, bottom 20%) perceived changes in their healthcare needs in the context of the pandemic. Looking at this bracket we find that between 2023 and 2024, the average EU rate of unmet health needs increased (+0.1 per cent) to 3.9 per cent, with increases also effecting those on the lowest incomes in seventeen countries (Denmark, Cyprus, Czechia, Bulgaria, Belgium, Croatia, Malta, Italy, Lithuania, Latvia, Poland, Austria, Germany, Sweden, France, the Netherlands and Finland). The level of reported unmet health needs fell marginally between -0.1 to 1.0 in five Member States (Ireland, Slovenia, Luxembourg, Spain and Hungary) and declined by between -1.1 and -5.5 in five others (Greece, Estonia, Romania, Slovakia and Portugal) (Eurostat, hlth_silc_08).

Figure 27 Self-reported unmet need for Medical Examination or Treatment Due to Problem of Access (%), EU-27, 2010, 2023 and 2024, 1st income Quintile

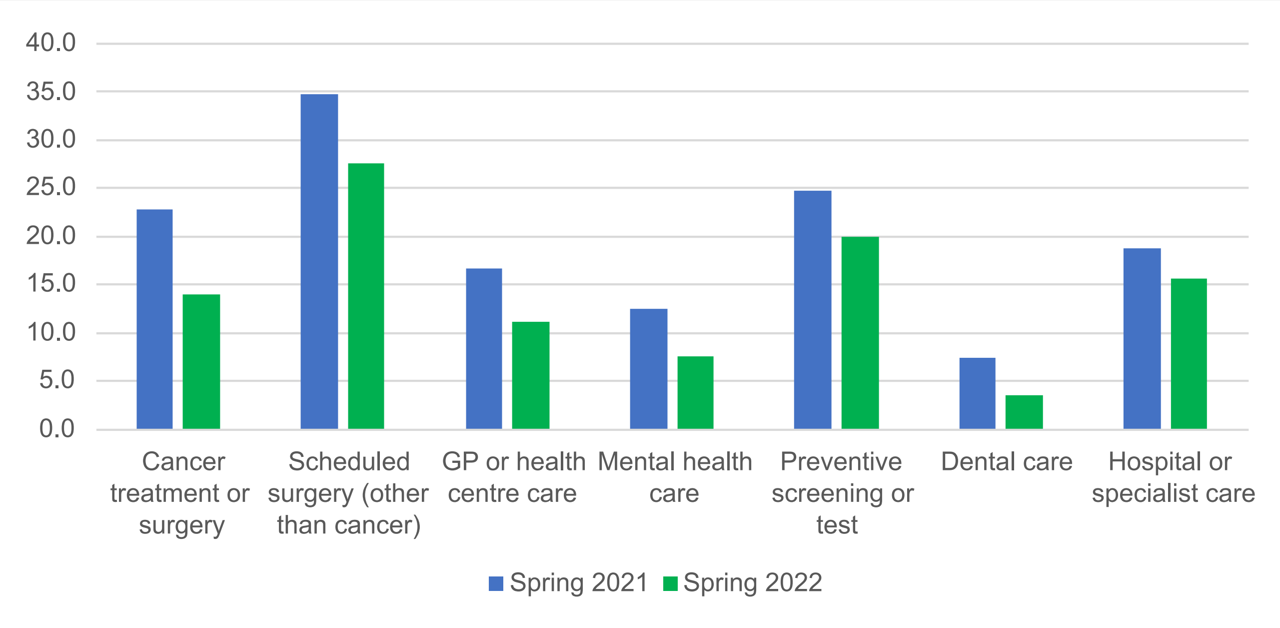


Source: Eurostat online database hlth_silc_08. Reasons associated with problems of access: 'could not afford to, waiting list, too far to travel'. 16 Years and older.

Relative to the complex health impacts of the pandemic years, the *Living, working and COVID-19* e-survey recorded sharp spikes in EU27 averages of reported unmet needs due to problems of access (covering all reasons) at the height at the pandemic between spring 2021 and spring 2022 (Eurofound, 2022a). Yet the most recent data presented in Figure 27 reflects the persistence of unmet medical needs among low-income earners in the aftermath of the pandemic with significant differences among Member States to 2024 (Eurofound, 2025b).

A snapshot of specific types of unmet medical needs at the height of the pandemic is presented in **Figure 28**, with evidence of downward stabilisation between spring 2021 and spring 2022 albeit with persistently high rates in areas such as scheduled surgery (27.6 per centage points) and preventative screening (20 per centage points).

Figure 28 Unmet need for healthcare by type of healthcare during previous 12 months (%), 2021 and 2022



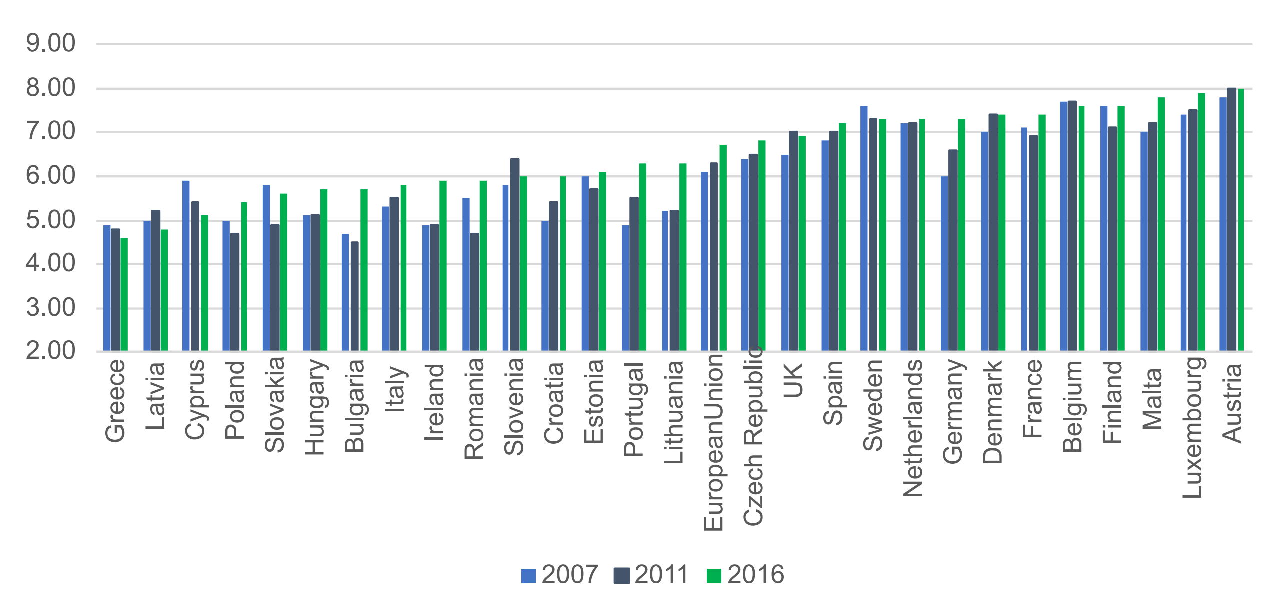
Source: From Eurofound 2022a (Living, working and COVID-19, Figure 6).

Reviewing both pre-pandemic and emerging data, it is evident that the pandemic served to inflame underlying health inequalities across and within Member States. The is likewise reflected in the latest annual report from the EU's Social Protection committee (2022), which highlights how ten Member States now face key challenges around the provision of accessible and cost-effective post-pandemic healthcare.

More detailed background to these mounting needs is evident in the European Quality of Life Survey carried out at the end of 2016. This has not been substantially updated since our last report in this series (see Eurofound 2017c; and Social Justice Ireland 2020) so we reproduce our reporting on it from recent years and also focus on a few groups about whom information is available in a more recent Eurofound report (2019c) (based on the same survey). Overall that survey found that how people rated the quality of public services had improved since 2011. See **Figure 29**. In particular, satisfaction with healthcare and childcare improved in several countries where ratings were previously low.

Unfortunately, in several countries, participants rated the quality of health services less favourably in 2016 than in 2011 (Latvia, Slovenia, Cyprus, Greece, UK and Belgium). The perceived quality of public services still varies markedly across EU countries (Eurofound, 2017c).

Figure 29 European Quality of Life Survey: Perceived Quality of Health Services, 2007, 2011, 2016



Source: From Eurofound 2017d (online database, EQLS, Data visualisation, year 2016) and Eurofound 2017c, Table 12, p 54.
Note: Rating on a scale 1–10, where 1 means very poor quality and 10 means very high quality. Q59: 'In general, how do you rate the quality of the following two healthcare services in [COUNTRY]? Again, please tell me on a scale of 1 to 10, where 1 means very poor quality and 10 means very high quality'.

People in lower income groups reported less improvement in the quality of services. For example, in 17 countries, those from the lowest income group (quartile 1, lowest 25 per cent) rated the quality of their health service more negatively than those in the top income group (quartile 4, top 25 per cent) (in 2016) (EQLS2017 data visualisation Eurofound online database, Eurofound 2017d). The European Quality of Life Survey concludes that there are persistent inequalities on some indicators and that for low-income groups, improvements on several dimensions were more limited in terms of overall quality of public services, perception of social exclusion and risk to mental health (women in the lowest income quartile being consistently at higher risk over the last decade) (Eurofound 2017c). The results of ongoing research suggests pre-existing health inequalities have been both exposed and deepened during the Covid-19 pandemic, with vulnerable social groups disproportionately negatively effected (Mishra et al. 2021).

According to Eurofound (2019c), groups at particular risk of health inequality include:

- **Younger people:** There are strong indications of increased risk of mental health problems among those aged 12–24 years, with many hard to reach groups, such as those with chronic health problems, living in rural areas and not in education or employment.
- **Older People:** In central and eastern Europe, rates of loneliness, poor mental health and social exclusion are particularly high for older people – in part due to poorly developed care services.
- **People in a 'twilight zone':** A diverse group of people with incomes above a threshold that would entitle them to state support but which do not enable them to easily pay for care themselves are said to be in a twilight zone with recent research confirming that the vulnerability of this group persists even though economies have largely recovered from the crisis in terms of GDP (Eurofound 2019c, citing Forster *et al.*,2018).
- **Information/consultation-Low-income groups**: While satisfaction with different aspects of health care has improved, many people were dissatisfied with being informed and consulted about their care – and this proportion was higher among people with low income.

Finally, one health issue relating to children is highlighted in research showing that eligibility for health care services for certain groups of children is not always clearly defined or well-established and only a few Member States have legislation guaranteeing children a right to health care, regardless of legal status (Palm 2017). Children with no regular residence status are the most vulnerable group, and others may fall between the cracks or be left with insufficient coverage.

Unfortunately, it has been precisely the type of complex health inequality described above which came to characterise the impact of Covid-19 within and across Member States from spring 2020 to the present. As Eurofound (2021) has reported, vulnerable groups including those detailed above experienced a rapid decrease in their ability to meet normal healthcare needs, especially those who faced the brunt of the pandemic-induced economic downturn. By June-July 2020 for example, 7.9 per cent of respondents to the *Living, working and COVID-19* e-survey reported they were unable to make scheduled payments related to healthcare and health insurance, an increase of 1.4 percentage points compared to three months earlier. This resulted in what Eurofound have termed an 'affluence gap', with 44 per cent of those in arrears reporting unmet needs, compared to 19 per cent of people without arrears. Of additional concern is the finding that for those who lost their job in spring 2020, one third (32 per cent) reported in June-July 2021 that they had unmet medical needs compared to 21 per cent of those who had not lost their job (Eurofound 2021d).

A report from the EU's Social Protection Committee (2021) summarises the current situation relative to healthcare systems, concluding that experience of the pandemic has affirmed the need for universal access to quality healthcare in the EU and 'demonstrated the value of strong safety nets [and] ... access to quality care for all'. The committee suggests that issues which need to be addressed include health inequalities and access to healthcare faced by the most vulnerable (including high out-of-pocket costs in some countries), and they suggest shifting the focus towards primary care and prevention, as well as promoting healthier life-style habits and digital healthcare solutions.

All of the above suggests that rising health inequalities are now set to assume a high degree of valency as EU Member States continue to recover from the impact of Covid-19. Despite incremental improvements in recent years, it remains clear that low-income people are amongst those, along with certain other groups, who will require a special focus to ensure that they benefit from general improvements as part of the wider post-pandemic recovery.

4.4 Health - Conclusion

Overall, the quality of healthcare is high in the EU. However, following the financial crisis of 2008, many people in EU member states experienced an erosion of health coverage and lower income groups experienced more unmet need than others. From spring 2020, the pandemic exposed and deepened this erosion, leading the EU and international bodies (OECD, 2020d; World Health Organization, 2020; Eurofound 2021a) to warn of long-term repercussions if health inequalities go unaddressed into the medium to long-term.

In the five-year period from 2014 to 2019, there was a welcome downward trend in the average perception of unmet need for health care across the EU (due to problems of access: online database hlth_silc_08). However, the perception is different between different income groups, and, as in previous years and now against the backdrop of the pandemic, it was least perceived in the top income earners and most amongst the lowest earners. Unfortunately, as between 2023 and 2024, there has been a slight rise in reported unmet medical needs. The most recent data reported by Eurostat (hlth_silc_08) confirms an increase in pre-pandemic trends of rising unmet health needs among those on low incomes.

There also continues to be great variation in these perceptions across different countries. Most recently, ten Member States have been identified as needing to address key challenges relating to health care access in the wake of the pandemic (Social Protection Committee 2021).

The perceived quality of public services still varies markedly across EU countries (Eurofound 2020). In one cross-country comparison, the health systems of the Netherlands, Denmark, Belgium, Finland, Luxembourg, Sweden, France and Germany were the top performers (amongst EU countries) (European Consumer Powerhouse 2018). Divergent strategies employed throughout the pandemic (most notably in the case of Sweden) and the potential for emerging EU competencies in relation to public health may see this picture shift as a debate around recovery and rights to healthcare gathers pace (Galvani et al. 2020).

As the impact of the pandemic has made clear, certain groups continue to experience particular difficulties and need a particular policy focus, and inequalities still need to be addressed as disparities – such as in life-expectancy – remain high between socioeconomic groups. Some of the groups whose needs have been most recently highlighted include younger people at risk of poor mental health – an issue which has intensified throughout the pandemic (Eurofound 2021b) – as well as those with chronic health problems, those living in rural areas and those not in education or employment. The physiological vulnerability of older people has been foregrounded dramatically throughout the pandemic (European Centre for Disease Prevention and Control, 2021b). Finally, those in Member States marked by sharp internal regional inequalities as well as social groups at risk of falling though the 'gaps' of means-tested healthcare provision have been highlighted as likely sites of social investment in the context of an 'inclusive' and lasting post-pandemic recovery (Eurofound 2020a).

5 Taxation

Taxation plays a key role in shaping societies by funding public services, supporting economic activity and redistributing resources to make societies more equal. Appropriate and equitable taxation levels and their targeting is also a subject of much debate and contestation within individual countries. Eurostat publishes information on taxes which allows comparison across countries and we will look at total taxation across countries in this section. We will then consider this in light of some indicators of social inclusion and social investment.

5.1 Total Taxation as a percentage of GDP

Taxation can be analysed as including or excluding compulsory social security contributions. One definition used by Eurostat encompasses all direct and indirect taxes received including social security contributions[12] – and that is the one used in this section. The tax-take of each country is established by calculating the ratio of total taxation revenue to national income as measured by gross domestic product (GDP). Taken as a whole, the European Union is a high-tax area relative to some other countries such as the United States and Japan.

As a ratio of GDP, in 2023 tax revenue (including net social contributions) accounted for 40 per cent of GDP in the European Union and 40.6 per cent of GDP in the euro area (EA-19). Compared with 2022, a decrease of 0.7 of a percentage point in the ratio is observed for the EU-27 while the rate for the Eurozone has dropped by 0.8 per cent. In absolute terms, from 2022 to 2023, EU-27 tax revenue increased by EUR 309 billion and euro area tax revenue increased by EUR 245 billion (Eurostat, gov_10a_taxag).

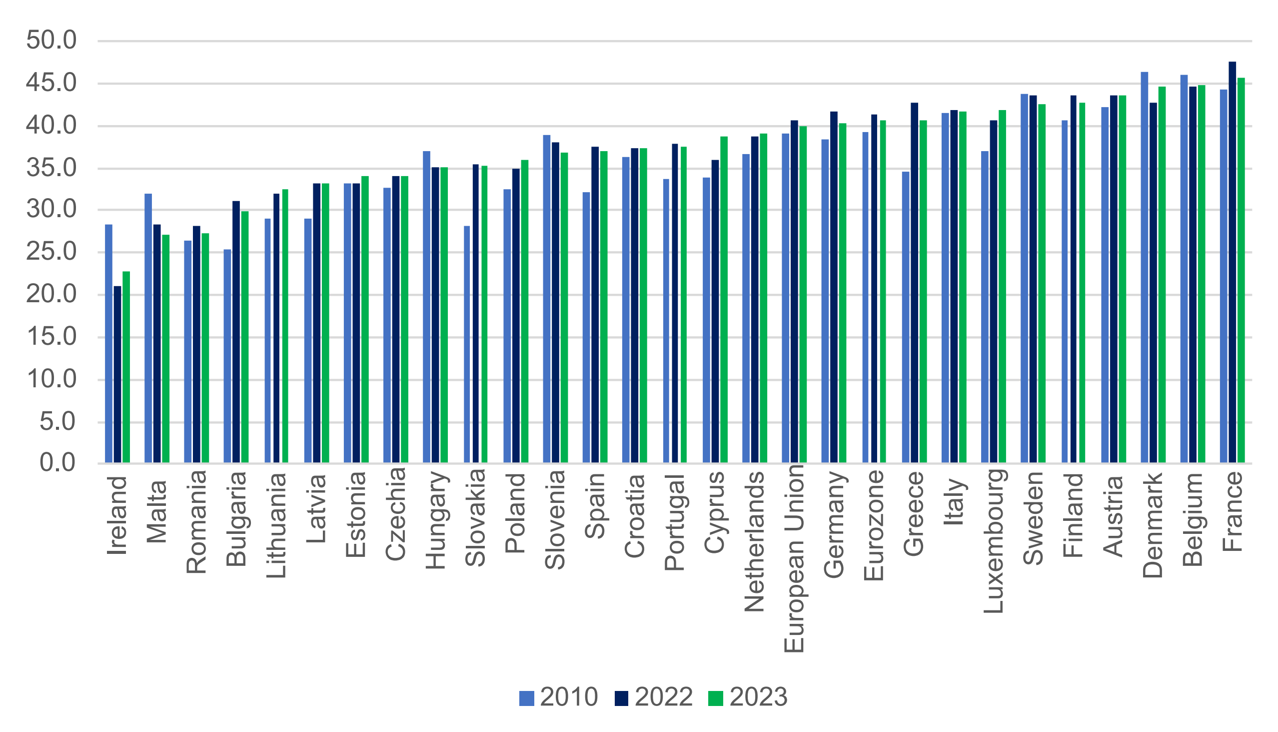
However, as **Figure 30** shows, there is considerable variation between member states in the EU in respect of total taxes as a proportion of GDP. Nine countries had total taxation ratios greater than the EU average of 41.1 per cent (in 2023). It was highest is France (45.6 per cent of GDP), Belgium (44.8 per cent of GDP), Denmark (44.7 per cent of GDP), Austria (43.5 per cent of GDP) followed by Finland (42.7 per cent of GDP), Sweden (42.6 per cent of GDP), Luxemburg (41.9 per cent of GDP), and Italy (41.7 per cent of GDP); the lowest shares were recorded in Ireland (22.7 per cent of GDP), Malta (27.1 per cent of GDP), Romania (27.3 per cent of GDP), Bulgaria (29.9 per cent of GDP) and Lithuania (32.4 per cent of GDP). Thus, the highest levels are found in the 'older' countries of the EU, including France, Belgium, Denmark, Sweden, Austria and Finland.

Overall, the range is broad with a difference of 22.9 percentage points between the country with the lowest ratio (Ireland) and that with the highest (France). Between 2022 and 2023, increases in the tax-to-GDP ratios were observed in nine Member States. In percentage points, the highest increases in per cent of GDP from 2022 to 2023 were recorded by Cyprus (+2.9 percentage points to 38.8 per cent), Denmark (+1.9 percentage points to 41.9 per cent),

12 That is, taxes on production and imports, income and wealth, capital taxes, and compulsory social contributions paid by employers and employees (see Eurostat 2014:268)

Luxembourg (+1.3 percentage points to 44.7 per cent).

Figure 30 EU-27 Total Taxes (including SSC) as a % of GDP, 2010, 2022 and 2023



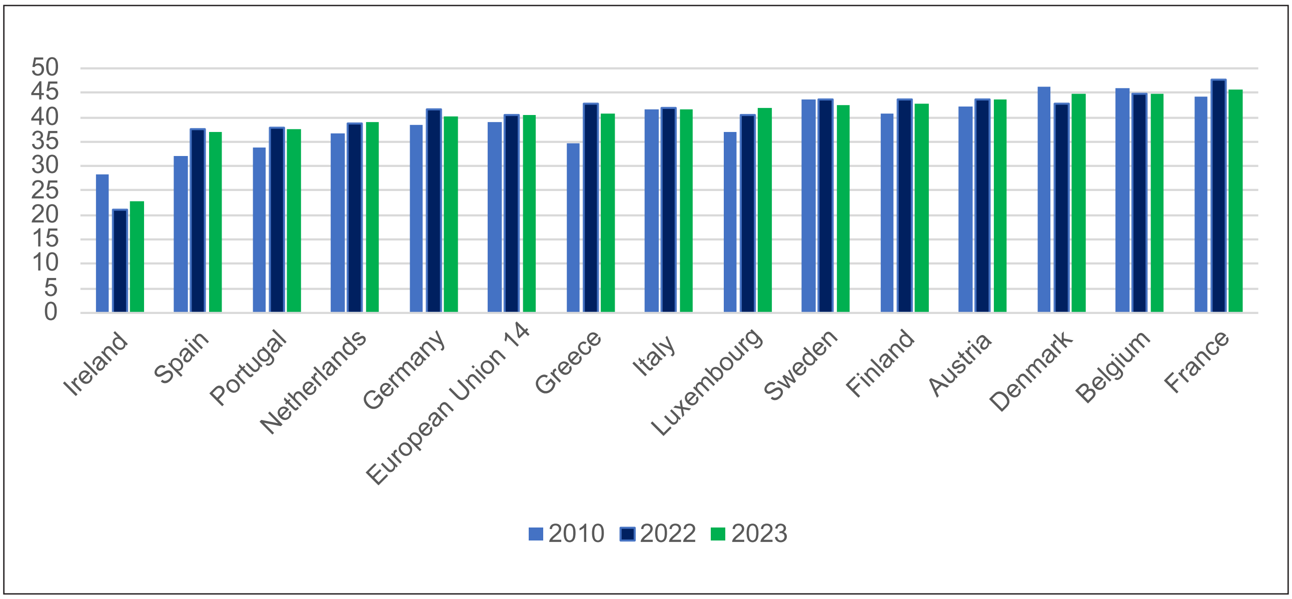
Source: Eurostat Online database: **gov_10a_taxag**. Total receipts from taxes and social contributions (including imputed social contributions) after deduction of amounts assessed but unlikely to be collected

Decreases in the tax-to-GDP ratio or stable ratios were observed in eighteen EU Member States (Malta, Romania, Bulgaria, Slovakia, Slovenia, Spain, Croatia, Portugal, Germany, Greece, Italy, Sweden, Finland, France, Latvia, Czechia, Hungary and Austria). The largest decreases in the tax-to-GDP ratio were observed in Greece (-2.1 percentage points), France (-2 percentage points) and Germany (-1.4 percentage points).

Already before the 2004 enlargement, several member states had tax ratios close to 50 per cent (such as the Scandinavian countries and Belgium), and there were also several low-tax Member States (such as Ireland, Spain, and Greece) (Eurostat, 2008). The generally lower tax ratios in the accession countries meant that the 2004 and 2007 enlargement resulted in a significant decline for the EU average value. Thus, in **Figure 31** the tax ratios are set out for EU-14 countries. This shows an average ratio of 40.4 per cent for EU-14 for 2023, slightly above the average for EU-27 countries (40 per cent). When looked at in this way it is again Ireland that has the lowest ratio, followed by Portugal and Spain. It must also be acknowledged in the case of Ireland that the highly globalised nature of the Irish economy as well as taxation policies pursued inflates GDP as a measure of activity – but even notwithstanding this, Ireland's ratio compares poorly with many other countries, especially with its peers amongst the older accession countries.

Eurostat appears to take 35 per cent of GDP as a ratio that represents a relatively low-tax approach (Eurostat, 2008:5). In EU-14 (the 'old' member states of the EU), Ireland is the only country with a tax take that is appreciably lower than the 35 per cent threshold, with the next lowest ratio in Spain (37 per cent). It is also worth noting that amongst the countries with the highest total taxation ratios relative to GDP are some of the countries considered the most competitive in the world. According to the World Economic Forum's Global Competitiveness index 2019, Germany, Sweden and Denmark are amongst the world's ten most competitive countries and Finland was ranked 11th (World Economic Forum, 2019).

Figure 31 EU-14 Total Taxes (incl SSC) as a % of GDP, 2010, 2022 and 2023



Source: Eurostat Online database: gov_10a_taxag. Total receipts from taxes and social contributions (including imputed social contributions) after deduction of amounts

According to estimates recently published in the European Commission's *Annual Report on Taxation* (2025c), the EU27 tax-to-GDP ratio is projected to fall through 2025 and into the short term due to a 'shrinking of revenues from environmental and property taxes and high nominal GDP growth due to high inflation'.

5.2 Total Taxation in light of Some Social Inclusion Indicators

We can also review total taxation in light of a number of the issues that have already been considered in previous sections of this report such as how well countries perform in relation to poverty and social exclusion as well as social investment. We are again talking in this section about total taxation (including social security contributions) as a percentage of GDP.

In **Table 6** we rank them for taxation to GDP ratio. We divide countries into three groups – those with total taxation levels above the EU average, a middle grouping with taxation levels below the average but at/above a level of 35 per cent, and a third group with taxation levels below 35 per cent. We can look at these taxation levels in light of levels of poverty or social exclusion set out in **Section 2** of this report. There are 17 countries that have below average rates of poverty or social exclusion (in 2023). The majority of these (9 out of 17) have taxation ratios above 35 per cent. Amongst the top 10 countries in terms of protecting their populations from poverty or social exclusion (all with rates of poverty or social exclusion below 20 per cent in 2023) are central and Scandinavian countries such as Finland, Netherlands, Denmark, France, Austria, Sweden and Germany, all of which are above the 35 per cent tax ratio threshold (threshold that signals a low-tax economy). In fact, amongst these countries, all but Netherlands are above the EU average tax ratio to GDP as well.

Table 6 EU-27: Total Taxation as % GDP (2023)

Above EU-27 average	
France	45.6
Belgium	44.8
Denmark	44.7
Austria	43.5
Finland	42.7
Sweden	42.6
Luxembourg	41.9
Italy	41.7
Greece	40.7
Germany	40.3
Below EU-27 average (40%)	
Netherlands	39.1
Cyprus	38.8
Portugal	37.6
Croatia	37.3
Spain	37.0
Slovenia	36.9
Poland	36.0
Slovakia	35.2
Hungary	35.1
Below 35% threshold	
Czechia	34.1
Estonia	34
Latvia	33.2
Lithuania	32.4
Bulgaria	29.9
Romania	27.3
Malta	27.1
Ireland	22.7

Source: Taxation: Eurostat Online database: gov_10a_taxag.

Czechia has a poverty or social exclusion rate of 12 per cent, the lowest rate in 2023 (EU27), and also a taxation rate below the EU at 34.1 per cent. Czechia is considered to be relatively effective at delivering fairness in society due to a favourable employment picture and a still rather redistributive social policy (Schraad-Tischler, 2015; Schraad-Tischler et al., 2017). As mentioned already, Slovenia (with a taxation to GDP ratio of 36.9 per cent in 2023) is considered to do well in poverty reduction, especially on the areas of children and youth. For its part, Slovakia is also one of the better performing countries on poverty prevention (with a poverty or social exclusion rate in 2023 of 15.8 per cent) and with a taxation to GDP ratio below the EU average but above the 35 per cent threshold (35.4 per cent in 2022 falling to 35.2 in 2023). Thus, it too is considered to perform relatively well in poverty prevention due mainly to the country's comparatively even income distribution patterns (Schraad-Tischler, 2015). As part of the context, it must be acknowledged, that income levels in post-communist countries are still considerably below those in Western Europe. In addition to the overall level of taxation, a range of historical and institutional factors are probably also relevant to the outcomes achieved as are the social policies pursued (Schraad-Tischler and Kroll, 2014).

We can also look back at income inequality in light of taxation ratios. In **Section 2, above**, we looked at the S80/20 measure of income inequality (Eurostat ilc_di11). A similar list of countries appears to also have the highest total taxation ratios and they are also some of the countries with the lowest rates of income inequality. And, correspondingly, amongst those countries with the highest levels of inequality are also those with the lowest levels of taxation (again relative to GDP).

It is also of interest, that the social justice index use by Bertelsmann Stiftung consistently finds that opportunities for every individual to participate broadly (in things like education, health services and the labour market) tend to be best developed in northern countries. For example in the last report in that series (2019) northern European states of Denmark, Finland and Sweden top the list for social justice – all countries with tax ratios above the EU-27 average - followed by Slovenia (above the 35 per cent threshold) and Czechia (below the 35 per cent threshold) and Germany (marginally above the EU-27 average) (Hellmann et al, 2019).

Social Investment

How well countries perform on social investment is discussed in **Section 1,** above. In **Table 7** we compare countries' rankings for total taxation against the way that they have been ranked on their approach to social investment (following the schema of Bouget et al., 2015 – see the Introduction to this Report).

As we reported in previous years, all of the countries that are in Group 1 for social investment (identified by the European Social Policy Network as having a well-established approach to many social policies, Bouget et al., 2015), have tax takes that are considerably above the 35 per cent line, and most are also above the EU average. These countries are Austria, Belgium, Germany, Denmark, Finland, France, Netherlands, Sweden and Slovenia.

When it comes to how the ten countries that are in Group 3 in relation to social investment (the lowest group - that is, the social investment approach has not made significant inroads into the overall policy agenda), it appears that eight have taxation levels below the EU average and five have taxation rates that are below the 35 per cent line (many of them considerably so).

Two of these countries (Greece and Italy) has a taxation ratio that is above the EU average. Thus, both represent an exception, having a taxation ratio above the EU-27 average and still appearing in the worst grouping in terms of the development of a social investment approach.

Table 7 EU-27 Total Taxation as % of GDP (2023) and Social Investment Approaches

Taxation to GDP ratio 2023		Social Investment Approach
Above EU-27 Average		
France	45.6	Group 1
Belgium	44.8	Group 1
Denmark	44.7	Group 1
Austria	43.5	Group 1
Finland	42.7	Group 1
Sweden	42.6	Group 1
Luxembourg	41.9	Group 2
Luxembourg	41.9	Group 2**
Italy	41.7	Group 3***
Greece	40.7	Group 3
Germany	40.3	Group 1
Taxation below European Union (EU-27) average: 40%		
Netherlands	39.1	Group 1
Cyprus	38.8	Group 2
Portugal	37.6	Group 2
Croatia	37.3	Group 3
Spain	37.0	Group 2
Slovenia	36.9	Group 1
Poland	36.0	Group 2
Slovakia	35.2	Group 3
Hungary	35.2	Group 2
Below 35% threshold		
Czechia	34.1	Group 3
Estonia	34.0	Group 3
Latvia	33.2	Group 3
Lithuania	32.4	Group 3
Bulgaria	29.9	Group 3
Romania	27.3	Group 3
Malta	27.1	Group 2
Ireland	22.7	Group 2

Source: Taxation: Eurostat Online database: I gov_10a_taxag. Approach to Social investment: Bouget et al 2015.
* **Group 1**: Has well established social investment approach to many social policies; tend to have good linkages between different policy areas when addressing key social challenges
** **Group 2**: Still to develop an explicit or predominant social investment approach, while showing some increasing awareness in a few specific areas
*** **Group 3:** Social investment approach has not made many significant inroads into the overall policy agenda

5.3 Taxation - Conclusion

Without raising resources, countries cannot invest in infrastructure and services required to promote inclusion and to sustain development. Our conclusions on taxation are very much in line with our conclusions in previous years.

There is considerable variation between member states in the EU in respect of total taxes as a proportion of GDP. The highest ratios tend to be found in the 'old' 15 members of the EU. Thus, the highest levels are found in France (45.6 per cent in 2023), Belgium, Denmark, Austria and Finland. At the other end of the scale were Ireland (22.7 per cent), Malta, Romania and Bulgaria. Overall, the range is broad with a difference of 22.9 pps between the country with the lowest ratio (Ireland) and that with the highest (France).

Amongst the countries with the highest total taxation ratios relative to GDP are some considered the most competitive in the world: Germany, Sweden and Denmark are amongst the world's ten most competitive countries and Finland was ranked 11th (World Economic Forum 2019). These are countries that also tend to score highly at protecting their populations from poverty or social exclusion and they tend to be more equal societies in terms of incomes.

In general, countries in the south and east of Europe tend to have lower levels of taxation and also less well-developed social investment approaches, and higher rates of poverty or social exclusion. Amongst the newer accession countries – and with a taxation ratio just below 35 per cent of GDP at 34.1 per cent in 2023 - Czechia is notable for its performance in relation to prevention of poverty and social exclusion. The performance of Slovakia and Slovenia is also notable.

Chapter 6

6 Alternatives: Some Issues for Discussion

Social Justice Ireland has for some time argued (see, most recently, Clark et al., 2025) that some measures used to pursue economic growth (policies and values) are often barriers to social progress and environmental sustainability. As discussed in the introduction to this report, there is a widespread acknowledgment that the policies pursued following the economic crisis of 2008 were unhelpful and simply wrong in economic terms. As the EU emerges from a global pandemic with an unprecedented war and refugee crisis unfolding in Ukraine, war and unrest in the Middle East and global economic uncertainty, it is now clearer than ever that alternatives are needed (Reynolds et al, 2020). 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 legacy of Covid-19 and the ongoing humanitarian crises linked to the wars in Ukraine and the Middle East, combined with the climate emergency, rising inequality 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 to secure a peaceful, inclusive and sustainable future for Europe.

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 are vital not only to social wellbeing but also to economic development. As we mentioned in the introduction to this report, some lessons are being drawn from past policy failures related to the 2008 crisis in the context of the recent public health emergency, with the OECD emphasising investment and policy coherence, which involves looking at how a range of different approaches to policy impact on overall well-being of a country's citizens and more broadly on the world (OECD, 2020f). The European Commission has noted that:

- the best performing Member States in economic terms have developed more ambitious and efficient social policies, not just as a result of economic development, but as a central part of their growth model (European Commission 2016b);
- countries providing high quality jobs and effective social protection as well as investment in human capital proved more resilient in the economic crisis (European Commission 2015).

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 associate this with the European Union. Meanwhile talk of an economic recovery, dramatically punctured by recurrent threats of an EU-US trade war, has yet to be experienced amongst many groups in Europe while the EU's stated commitment to a more socially just Europe has become eclipsed by questions of security and defence.

This is the context in which the future of the EU must be decided – and, in the opinion of *Social Justice Ireland*, it must be one in which it is recognised that economic development, social development and environmental protection are complementary and interdependent. This means that Europe must be seen as not only concerned with economic issues, but also with promoting justice, equality and social inclusion. To ensure a full and lasting recovery from the crisis caused by Covid-19, sustained action to achieve this is required at European level.

As we outlined in the introduction to this report, for *Social Justice Ireland,* every person has seven core rights that need to be part of the vision for the future: right to sufficient income to live with dignity, to meaningful work, to appropriate accommodation; to relevant education, to essential healthcare, to real participation and the right to cultural respect. In this report, we have looked at how these rights are currently being realised or otherwise in the areas of income, work, education and healthcare. In this Section, we discuss some current debates and point to some potential policy alternatives in the areas of income, work and service-provision. Our intention is not to prescribe any particular approaches, but rather to outline some pointers toward strategies that are currently being employed or are currently the subject of increasing debate and consideration.

6.1 Right to Sufficient Income

Debates about how to achieve adequate income often involve discussions of (1) minimum wage, and, increasingly, the living wage, (2) minimum income schemes, and (3) basic income schemes. We will briefly discuss each of these approaches. As noted already in this report, new forms of employment, and associated gaps in access to social protection and lower incomes, may put a growing number of people at higher risk of poverty and social exclusion. This requires that social protection systems ensure access to adequate protection for all persons in employment, including various types of self-employment and non-standard working (Social Protection Committee 2020). 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.

Minimum Wage and Living Wage

As part of its Decent Work Agenda, the International Labour Organization encourages the use of a minimum wage to reduce working poverty and provide social protection for vulnerable employees (2013). A minimum wage is the lowest remuneration (set hourly, daily or monthly) that employers may legally pay to workers. It is recognised that setting minimum wages at appropriate levels can help prevent growing in-work poverty. According to the International Monetary Fund (2016), minimum wage policy typically aims to improve income distribution, and it may also have important implications for economic efficiency.

Twenty-one out of 27 EU countries apply a generally binding statutory minimum wage and that others set one by way of sectoral collective agreements (Eurofound, 2021a). However, the IMF points to non-compliance being widespread in both advanced and emerging economies. (IMF 2016). For example, recent research relating to Ireland found that 5.6 per cent of minimum wage workers in the country are paid below the minimum wage for reasons other than those permitted under legislation (McGuinness et al. 2020).

There are different opinions on the usefulness of minimum wages, one criticism being that they only apply to those in paid employment, not self-employed or those doing family work or caring (International Labour Organization, 2013). Despite limitations, the International Labour Organization has concluded that they remain a relevant tool for poverty reduction. Also, the International Monetary Fund has suggested that governments should consider broadening minimum wage coverage where it does not currently include part-time workers (Hong *et al.* 2017). They do so in the context of addressing the issue of why falling unemployment rates have not resulted in wage growth (in other words, why isn't a higher demand for workers driving up pay). In **Section 3** of this report we quoted from a Eurofound report (2019a) which highlighted the case of Germany in 2015 where, in contrast to several other countries, wages increased among the lowest-paid employees as a result of the introduction of a minimum wage (Eurofound 2019a). It is notable that this beneficial effect of the minimum wage policy seems to have come with no significant impact on employment (Eurofound 2019a).

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 – emphasis added).

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 as it risks being 'watered down' (European Trade Union Institute, 2021b), it does represent an important step forward in terms of effective action at the European level (European Trade Union Confederation, 2020).

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'. A Living Wage is intended to meet physical, psychological and social needs at a minimum but acceptable level (Living Wage Technical Group, 2014). Earning below the living wage suggests that employees are forced to do without certain essentials to make ends meet.

The cost of a minimum essential standard of living or minimum income standard will vary by household type and composition, location, and employment pattern. Its calculation follows clearly stated and transparent processes specified for specific household compositions and situations (Living Wage Technical Group, 2014).

The Living Wage idea is not a new one. However, support is growing for it and research on it is expanding with the European Trade Union Confederation (ETUC) launching a campaign drawing on the concept in 2018. The UK's Living Wage Foundation web site suggests that there are nearly 6,000 Living Wage Employers in the UK, including more than one third of the FTSE 100 and household names including Ikea, Aviva, Nationwide and Everton FC. While small businesses are usually perceived as having fewer resources available and thus to be less able to afford to pay higher wages, research from the U.K suggests that private sector SMEs constitute over half of all accredited Living Wage employers (Werner and Lim 2016). SMEs that have adopted a living wage perceive benefits related to employee motivation and productivity, staff retention, employee relations and ability to attract high quality staff as well as benefits for business reputations (Werner and Lim 2016). It is interesting to note that the SMEs concerned were operating in so-called low-waged sectors such as hospitality, retail, social care and manufacturing in England, Wales and Scotland.

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 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 as Europe continues to recover from the impact of the Covid-19 pandemic (Social Platform, 2020).

A review of minimum income schemes across Europe carried out in 2018 found that they play a vital role in alleviating the worst impacts of poverty and social exclusion (European Commission, 2019e). As a more recent discussion by the European Parliament indicates, in the context of the pandemic, the impact of minimum incomes schemes across Europe have been thoroughly 'stress tested' in this regard. The results indicate the 'differential protective capacity' of existing systems across the EU depending on the 'accessibility and generosity of eligibility conditions' with leaps in simplification and access in several Member States a significant step forward (Employment and Social Affairs Committee, 2021b)

Yet it remains the case that major differences continue to exist between Member States when it comes to minimum income schemes in so far as:

- their contribution is still limited;
- overall progress since 2009 has been disappointing, and
- lack of adequate payments coupled with limited coverage and poor take-up (due *inter alia* to poor administration, inadequate access to information, excessive bureaucracy and stigmatisation) means that they fall very far short of ensuring a decent life for the most vulnerable in society (Frazer and Marlier 2016).

Concerns about minimum income schemes focus on affordability and about fears that they will disincentivise work. However, according to the Independent Network of Experts on Social Inclusion, in countries with the most generous and effective minimum income schemes, there is also a clear recognition that they play a vital role in ensuring that people do not become so demoralised and excluded that they are incapable of participation in active inclusion measures and in seeking work (Frazer and Marlier 2009).

As mentioned already, a new EU Directive (2019/1152) seeks to ensure that all workers, including those on atypical contracts, benefit from more predictability and clarity as regards their working conditions. Arguably it does not go far enough and does not, for example, prohibit zero-hours contracts (Piasna 2019). More effective solutions are still needed to secure a higher number of guaranteed paid hours and less variable work schedules and to address abusive forms of flexibility (Piasna 2019).

The conclusions of the German EU Council Presidency issued in October 2020 on 'Strengthening Minimum Income Protection' requests that the Commission provide an update of the EU framework to support and complement national minimum income protection policies (European Council, 2020b). Civil society organisations including the European Anti-Poverty Network have responded with calls for 'hard law' and an EU Framework Directive on Adequate Minimum Income to 'give flesh to the acknowledged need to protect income adequacy with the impact of the COVID-19 crisis' (European Anti-Poverty Network, 2020). Here, as elsewhere, much will depend on efforts to ensure several emergency and temporary income support measures continue as part of an inclusive post-pandemic recovery.

Basic Income Schemes

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 economic crisis of 2008 and its consequences exposed the failure of the existing social policy approaches to secure these rights for people. As a result, Basic Income is now being discussed and experimented with across several continents (Healy and Reynolds 2016). From the legacy of the crash to the exigencies of the recent inflation and cost of living crises, the concept of a Basic Income has gathered both momentum and valency. For example, in 2018 the Council of Europe passed a resolution which acknowledges the benefits of a 'basic citizenship income', on account of the fact that '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).

Aside from the immediate context of the pandemic, the fact that the Basic Income concept has been receiving more attention in recent times is partly in response to new technological developments including artificial intelligence and robotics, which are expected to transform the nature of work and the type and number of jobs. Put succinctly, if more jobs become obsolete, there still have to be ways for people to get health care, pensions, disability, and income supplements outside of full-time employment (West 2015). It is argued that a basic income scheme offers 'a powerful way of protecting all citizens from the great winds of change to be ushered in by the fourth industrial age, and of sharing the potentially massive productivity gains that it will bring' (Reed and Lansley 2016:8). Another argument in favour of changing our system of income generation is that it can address growing inequality and, it is argued, a universal basic income that grows in line with capital productivity would ensure that the benefits of automation go to the many, not just to the few.

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). It is paid directly with a smaller payment for children, a standard payment for every adult of working age and a larger payment for older people. It is never taxed but in essence replaces tax credits (for those with jobs) and social welfare payments (for those without jobs). Additional payments would be maintained for those with particular needs (such as those who are ill or have a disability). As defined by the Basic Income Earth Network, a basic income is: an income unconditionally granted to all on an individual basis, without means test or work requirement. It is a form of minimum income guarantee that differs from those that now exist in various European countries in three important ways:

a. it is being paid to individuals rather than households;

b. it is paid irrespective of any income from other sources;

c. it is paid without requiring the performance of any work or the willingness to accept a job if offered.

If social policy and economic policy are no longer conceived of separately, then basic income is increasingly viewed, according to the Basic Income Earth Network, as the only feasible way of reconciling two of their central objectives: poverty relief and full employment. Every person receives a weekly tax-free payment from the Exchequer while all other personal income is taxed.

Amongst its advantages is lack of stigma - there is nothing stigmatising about benefits given to all as a matter of citizenship, something that cannot be said, even with well-designed processes, about benefits reserved for 'the needy, the destitute, those identified as unable to fend for themselves' (Van Parijs, 2000). So it helps to overcome the problem of non-take-up of benefits, something observed in some EU countries (Eurofound, 2015). It also removes unemployment traps because it does not cease if someone takes up employment – one is bound to be better off working as you can keep the basic income and earnings on top of it - and it incentivises increasing one's income while employed. It promotes gender equality also because everyone is treated equally, and it respects forms of work other than paid work – like work in the home or informal caring. It is also considered more guaranteed, simple and transparent than current tax and welfare systems (Healy *et al,* 2012).

There are a range of basic income proposals. They differ in many respects including as to the amounts involved, the source of funding, the nature and size of the reductions in other transfers. Some propose financing through tax and welfare systems. In practice this would mean that those on low and middle-income would see net gains while the richest would be required to pay more tax as many tax breaks would be removed. Others propose that a Basic Income be financed by environmental taxation or a financial transactions tax. Current discussion is focusing increasingly on so-called partial basic income schemes, which would not be full substitutes for present guaranteed income schemes but would provide a low - and slowly increasing - basis to which other incomes, including the remaining social security benefits and means-tested guaranteed income supplements, could be added.

Growing interest in Basic Income across the world is being driven by both negative and positive factors. Among the negative drivers is the growing fragility of the jobs market and the acceptance that there will never be sufficient jobs for those seeking them. Other negative drivers include the continuing failure of the welfare system to protect people against poverty and the ongoing exclusion of vulnerable people from having a voice in the decisions that impact on them. Among the positive drivers of interest in Basic Income is the recognition that as a system it could address all three of these negative drivers by providing sufficient income to enable people to live life with dignity; by enabling people to do meaningful work that is not paid employment and by supporting people as they seek to play a participative role in shaping the decisions that impact on them (see Healy and Reynolds 2016).

A range of countries and cities have introduced basic income schemes (or partial schemes) with renewed momentum following income support schemes adopted in several Member States throughout the pandemic which mirror Basic Income schemes (Eurofound, 2021e).

For example, a partial basic income system has existed for decades in the US state of Alaska financed by taxes paid on oil produced in the State. In 2012 The World Bank identified 123 Basic Income systems in various parts of Sub-Saharan Africa (Garcia and Moore, 2012). In California, preliminary results from a relatively small scheme in Stockton, California giving 125 low-income residents $500 per month suggests that they are mostly spending it on food, clothes, and utility bills (not frivolous items as argued by critics of such schemes) (Samuel 2019). Most recently, the results of Finland's Basic Income pilot scheme – the first randomised control trial of its kind in the world – targeted at 2,000 unemployed people in receipt of an income of 560 euro per month. The results suggest higher levels of subjective well-being and less mental strain than the control group but with no significant differences in labour market behaviour (KELA, 2020; European Social Policy Network, 2019).

A report from the UK estimated the net annual cost of a modified (transitional) basic income scheme there at around £8bn or just under 0.5 per cent of GDP, something that may be judged as a relatively modest sum in relation to the benefits and the reduction in poverty and inequality that it delivers such as a sharp increase in average income amongst the poorest; a cut in child poverty of 45 per cent; and a modest reduction in inequality (Reed and Lansley 2016; Murphy and Ward, 2016).

Healy and Reynolds (2016) conclude that for decades, the European social model has been offering its citizens a future that it has failed to deliver and that it is time to recognise that current policy approaches are not working. They suggest that a Universal Basic Income system has the capacity to be the cornerstone of a new paradigm that would be simple and clear, that would support people, families and communities, that would have the capacity to adapt to rapid technological change in a fair manner, that would enable all people to develop their creativity and could do all of this in a sustainable manner.

Against the backdrop of a winding-down of emergency income support measures, pressure is continuing to mount for Basic Income schemes to be considered at a European level, including a renewed push for a European Citizens' Initiative. (European Citizens Initiative, 2020). Emerging research indicates that public opinion is trending toward 'much stronger support' for Basic Income models due to 'increased importance attached, in the pandemic context, to a system that is simple and efficient to administer, and that reduces stress and anxiety' (Nettle et al. 2021). Building on the Belgian political economist Philippe Van Parijs' (2013) earlier proposals for a "euro-dividend" of 200 euros per month, in the present context, campaigners for an EU-wide Basic Income are posing the question: 'if not now, when?' (Neves and Merrill, 2020).

6.2 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 both the financial crisis and an unprecedented global health emergency, this interpretation continues to face mounting criticism in both political and intellectual terms. Progressive approaches to jobs policy are investigating how to achieve full employment, as a key to well-being (there being evidence that high well-being is associated with low levels of unemployment and high levels of job security), something that involves satisfying work in the right quantities within a broader economy that respects environmental limits (Greenham et al, 2011).

Thus, in the context of past failures and the recent public health emergency and cost of living crisis that followed, basic questions are now being asked about whether the market economy is capable of delivering what is needed, particularly in light of the move away from industry and manufacturing towards a knowledge economy. Increasing developments in artificial intelligence also evoke anxiety about potential job losses. Several recent influential studies have estimated that up to 47 per cent of workers in America had jobs at high risk of potential automation and artificial intelligence (Economist 2016; OECD 2024). All of this poses the question whether the 'trickle-down effect,' that is, the wealth and job creation potential of entrepreneurs and wealthy individuals, can really deliver even full employment.

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.

Valuing All Work

Ideas about who we are and what we value are shaped by ideas about paid employment and the priority given to paid work is a fundamental assumption of current culture and policy-making. Other work, while even more essential for human survival and wellbeing, such as caring for children or sick/disabled people, often done by women, is almost invisible in public discourse. But because well-being relies on work and relationships (and other things), there must be a fair distribution of the conditions needed for satisfactory work and relationships – and this is particularly important for gender equality.

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. The European Commission estimates that the time spent on housework and care per day could represent +/-830million hours per day in the EU or nearly 100 million full-time equivalent jobs (European Commission 2012). Research from the UK suggests that if the average time spent on unpaid housework and childcare in 2005 was valued in terms of the minimum wage it would be worth the equivalent of 21 per cent of GDP (Coote *et al*, 2010). Introduction of a basic income (see above) is one means of enabling the recognition of all meaningful work in practice.

Jobs 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. Jobs guarantee schemes are envisaged in different ways with the broadest approach being a universal job guarantee, sometimes also called an employer of last resort scheme in which government promises to provide a job to anyone legally entitled to work. Apart from a broad, universal approach, other schemes envisage qualifications required of participants such as being within a given age range (i.e. teens or under, say, 25), gender, family status (i.e. heads of households), family income (i.e. below poverty line), educational attainment and so on.

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).

Amongst those championing the idea is the Centre of Full Employment and Equity, University of Newcastle, Australia. Based on an analysis across countries, they argue that the private sector has always only been able to employ around 77 per cent of the labour force; unless the public sector provides jobs for the remaining workers seeking employment, unemployment will remain high[13] (Centre of Full Employment and Equity, 2004). Costs of Jobs Guarantee Schemes have been calculated for a number of countries and it is considered relatively cheap, in comparison with the costs associated with unemployment[14]. It also results in a multiplier effect from the contributions to the economy of the workers concerned (Centre of Full Employment and Equity, 2004). Furthermore, such schemes are considered to promote economic and price stability, acting as an automatic stabiliser as employment (within the scheme) grows in recession and shrinks in economic expansion, to counteract private sector employment fluctuations (Wray et al. 2018).

The Job Guarantee proposal acknowledges the environmental problem and the need to change the composition of final economic output towards environmentally sustainable activities. The required jobs could provide immediate benefits to society and are unlikely to be produced by the private sector - they include urban renewal projects and other environmental and construction schemes (reforestation, sand dune stabilisation, river valley erosion control and the like), personal assistance to older people, assistance in community sports schemes, and many more (Centre of Full Employment and Equity, 2004).

13 Excluding, presumably, recent examples such as Ireland in the 2000s, where with hindsight it is evident that the very high levels of employment were based on an enormous boom in construction based on reckless lending and fuelled by what became one of the biggest banking crises in the world.

14 For example, in Ireland, *Social Justice Ireland* has made proposals to Government for a Part-Time Job Opportunities Programme that has already been piloted and costed. Also a costed proposal has been published in Greece by the Observatory of Economic and Social Development and other organisations (Antonopoulos *et al,* 2014).

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 (see above).

Job creation schemes have been implemented in different parts of the world, some narrowly targeted, others broadly-based. Examples include the 1930s American New Deal which contained several moderately inclusive programmes; a broad based employment programme existed in Sweden until the1970s; Argentina created *Plan Jefes y Jefas* that guaranteed a job for poor heads of households; and India also has a scheme (Wray 2009). The EU Youth Guarantee scheme, in which member states committed to ensure that **all young people up to the age of 25 receive a high-quality offer of a job, an apprenticeship or a traineeship within four months of becoming unemployed** or leaving formal education is an example of a partial jobs guarantee scheme. While a potentially valuable initiative, one problem that arises in schemes such as this, often introduced in difficult economic times, is that the additional resources required to be provided at national level are often taken from other services that may well have been supporting other unemployed or vulnerable people who were long-term unemployed or were outside the age group to whom the new initiative applies. The end result may not reduce the overall problem of unemployment or social exclusion.

Given the unprecedented employment supports brought into existence at both national and EU-level in the wake of the pandemic, the concept of a Job Guarantee – like that of a Basic Income – has assumed new momentum out of recent exigency. Advocates of strengthening existing EU programmes into a more robust Job Guarantee – as in the case of the 'reinforced' Youth Guarantee unveiled in 2020 – stress the benefit of macroeconomic stabilisation as well as high quality employment (European Trade Union Institute, 2021). Others have argued for an entirely new scheme which might draw on guaranteed liquidity provided by the EU recovery plan (Argitis and Koratzanis, 2021). It has likewise been suggested that such a scheme might provide the EU with a much-needed common fiscal mechanism to 'bridge gaps' within and between Member States (Zygmuntowski, 2020). What is evident from the recent upsurge in proposals as well as the Commission's efforts to 'reinforce' the Youth Guarantee is not only the growing valency of the Job Guarantee as an idea, but a growing appetite to see it take on more concrete and effective forms (Economic and Social Committee, 2021)

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. A number of 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 a 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.

Mexican telecoms billionaire Carlos Slim (often identified as one of the richest people in the world) is amongst those who have expressed support for this, suggesting that a new three-day working week could and should become the norm as a way to improve people's quality of life and create a more productive labour force. A UK doctor, John Aston, President of the UK Faculty of Public Health (a body that represents over 3,000 public health experts in the UK), also called for a four day week to deal with the problem of some people working too little others too much and to improve the health of the public (Guardian, online).

Investment

Keynesian economic policies require active government intervention in ways that are 'countercyclical'. In other words, deficit spending when an economy suffers from recession or when unemployment is persistently high, and suppression of inflation during boom times by either cutting expenditure or increasing taxes: 'the boom, not the bust, is the right time for austerity at the treasury.'

Learning from failed policies pursued in the aftermath of the financial crisis of 2008 and seeking to reconstruct Europe's economy and society on a more inclusive and sustainable basis from the present conjuncture, it will be essential that policy-makers consider investment on a sufficiently large scale to create growth required to generate jobs. In this context it is of interest that the OECD has recommended a stronger collective policy response to economic challenges both before and throughout the recent crisis, including a commitment to raising public investment to support future growth and make up for the shortfall in investment following the cuts imposed in recent years (OECD, 2016b; 2020f).

EU rules have seen government investment become more reliant on off-balance sheet sources (such as Commercial Semi-State borrowing or European Investment Fund or pension fund investments). Going forward, areas for investment should be carefully chosen to aim for job-intensive investment in essential sectors with potentially substantial returns. Examples could include building new infrastructure and facilities, which might include social housing, better public health or education facilities, investment in key infrastructure like water or in sustainable energy sources. Substantial investment of this kind would of itself lift economic growth rates and there would be a multiplier effect by creating further economic activity and growth, increases in taxes and decreases in social welfare spending.

The economic crisis created by the onset of Covid-19 accelerated the potential for effective investment along these lines at a European level. In addition to an unprecedented EU budget of €1.07 trillion agreed for 2021–27, agreement was reached in July 2020 on a separate €750 billion Next Generation EU (NGEU) fund earmarked for strategic investment to be deployed via a new Recovery and Resilience Facility (European Council, 2021a). The overall size, conditionality and financing of the European Recovery Fund, encompassing the NGEU and part of the EU budget, has involved compromise around the balance of loans and grants as well as the issuance of a form of common debt through European Commission borrowing. This represents a potentially significant break with the past. To what extent these advances will ensure the EU does not retrace 'the mistakes of the past' – as the European Commission itself has warned - will depend on normalising new practices and attitudes arising from the EU's post-pandemic recovery to aid longer-term social investments.

In this context, the triggering of the General Escape Clause between March 2020 and June 2024 to relax fiscal disciplines given force through the Stability and Growth Pact (SGP), the Fiscal Compact, and the European Semester provided limited scope for a reassessment of appropriate budgetary flexibilities (Social Justice Ireland, 2020). To date, reforms to the SGT proposed in September 2024 have been widely criticised as being 'not be very different... so [that] reactivated fiscal rules should remain difficult to comply with for many European countries' (Menguy, 2024). It should be possible for the European fiscal governance rules to accommodate and indeed to encourage, when appropriate, investment of this nature as a basic tool of economic policy within the capacity of governments. In this regard, the continued focus on prudent fiscal positions, albeit in the medium term, risks saddling member states with the economic consequences of Covid-19, geopolitical uncertainty and the climate crisis for decades to come.

As we emerge from the pandemic and work toward a sustainable and inclusive recovery, the European Social Model is needed now more than ever. A large increase in direct public spending and investment is one of the most effective tools available to European countries to address the current crisis. At a European level, a lasting commitment to well-planned investment and ambitious actions to mitigate recent stagnation and the slow pace of current growth will be essential to protecting the most vulnerable in future years. This must be based on the European Social Model. The Stability and Growth Pact and the fiscal rules must not inhibit Member States from doing the large scale investment that a post Covid-19 recovery requires. The fiscal rules must support investment at national level, not inhibit it.

6.3 Right to Access to Quality Services

Access to high-quality services is an important aspect of social protection, contributing to 'inclusive growth', a main objective of the Europe 2020 strategy. At least five types of welfare systems are recognised as operating in Europe[15] and change happens all the time (Abrahamson, 2010). General trends that have been observed include expansionism (from the 1950s to the 1970s) followed by uncertainty and challenge associated with neo-liberalism and a newer trend, which can be described as 'productivist' (Taylor-Gooby, 2008). The 'productivist' approach, called a 'new social investment state' is promoted by the EU and the OECD and emphasises social investment with a desire to maintain the range of mass services but with pressure for cost-efficiency (Taylor-Gooby, 2008).

From the financial crash of 2008 to the onset of an unprecedented global pandemic in 2020, policy-makers in Europe have sought to learn from the past. Positives which have thus far emerged include commitments in the Social Investment Package, the articulation of vital principles through the Pillar of Social Rights and, most recently, investment promised via the European Recovery Fund and a relaxation of fiscal rules. We have discussed each of these elements in the introduction to this report. Typical social investment policies include gender-related child and elder-care, family-friendly labour market regulation, allowing especially women to move back and forth between full-time and part-time employment in relation to evolving informal care responsibilities (Hemerijck 2014). Social investment is not, however, a substitute for social protection and adequate minimum income protection is a critical precondition for an effective social investment strategy as a 'buffer' helping to mitigate social inequity while at the same time stabilising the business cycle (Hemerijck 2014).

Ongoing challenges exist regarding quality and equity of public services, including healthcare, and to their sustainability. European population ageing, increased expectations of citizens, and other factors impinge on demand for services and require a range of responses across the life-course. Similar investments by different countries have different outcomes in terms of poverty, employment and health, suggesting that there is variation in the ways that resources are used (European Commission 2013a).

Some of the issues that are informing current debates include the following:

Securing Adequate Investment? Support for social investment in recent decades is based on the aspiration of men and women of all socio-economic backgrounds to be employed and to raise children.

[15] The regimes can be categorised in different ways; typically, five are recognised: Continental North-western Europe, Scandinavian model, Southern/Mediterranean model, Atlantic Europe (UK and Ireland) and Eastern European (Abrahamson, 2010).

Consequently, they have been willing to provide the investment required to provide services capable of making that possible. In difficult economic times, however, there is more and more scrutiny of social spending. This danger that social spending will become more marginal is exacerbated in the Eurozone because national and EU monetary authorities have very little room for manoeuvre. The emphasis is on addressing and reducing deficits, which will continue to starve social provision of the financing required for ongoing development. There is a strong risk that support for social investment will decline. This situation is worsened as electorates seem to forget that the crisis of recent years originated in the excesses in deregulated financial markets, not in excess welfare spending. This leads to a rejection of welfare spending because they misunderstand it as being the cause of the crisis which it wasn't.

Who Provides? Public services are not synonymous with the public sector. A wide range of actors are now involved in service provision and the mix differs from country to country (and has done so historically). As well as the public sector, these include:

- people and families,
- non-profit organisations and social enterprises, and
- the private sector.

While it is considered that there is now more scope for private and civil society to be involved in service provision, the state is still in charge of regulation and to a large extent also in the financing of social entitlements (Abrahamson, 2010). In relation to the private sector, the European Commission notes that there needs to be encouragement to use the potential of social investment more through on-the-job training, in-house childcare facilities, health promotion and family-friendly workplaces (2013a).

Public Value? The central plank of the influential 'public value' approach to the public sector is that public resources should be used to increase value not only in an economic sense but also in terms of what is valued by citizens and communities. It is associated with Moore, who argues that public services are directly accountable to citizens and their representatives, and it requires ongoing public engagement and dialogue as well as rigorous measurement of outcomes (1995). The approach involves the following building blocks:

- providing quality services for users, which are cost effective,
- ensuring fairness in service provision,
- concentrating more on the outcomes as well as on the costs and inputs,
- building trust and legitimacy by convincing people that policy is geared toward serving the overall public interest (NESF, 2006).

These building blocks are linked and the improvement of public services is intended to generate support for them amongst users and others who pay for them indirectly through taxation. User satisfaction is shaped by factors such as customer service (that is, how well they are treated), information, choice, availability and advocacy (that is, knowing that the services will be available to them when needed and that they will be supported in getting access to them).

Social wage: Public services such as healthcare and schooling, childcare and adult social care, can be said to comprise a 'social wage' that helps to determine how much earned income people consider 'enough' (Coote *et al* 2010). The extent to which these services relieve pressures on household income depends on their accessibility, reliability, quality, and overall affordability. In recent times in many countries, public services have been curtailed/targeted and in some countries stripped to essentials by outsourcing and competitive tendering, or have had some costs transferred to the user – as is the case in relation to healthcare costs in some European countries (European Observatory on Health Systems and Policies, 2012). The legacy of such policies have been sorely felt throughout the Covid-19 public health emergency. While there are different definitions, discussions of the 'social wage' generally define it as disposable income plus public provision of goods and services (such as health care and education). It is sometimes used in discussions of government spending and it can be a way of characterising the contribution that public services make to individuals and households.

It is a measure of how much better-off individuals are with the provision of publicly funded welfare services than they would be without these 'in-kind' benefits (i.e. if they had to pay the full cost of these services). Thus, the value of services such as health and social care, education and housing can be thought of as an income in-kind – or a 'social wage' – that represents a substantial addition to people's cash incomes (Sefton 2002). Although most measures of poverty and inequality do not take account of the value of these kinds of benefits in kind, their inclusion is potentially significant in monitoring the impact of public policies on the poorest households (Sefton 2002).

Reduced public spending and a corresponding diminished social wage require individuals/households to spend on essential services and this increases barriers to access for poorer people (McCarthy 2015). Obviously, maintaining the social wage requires that the state's revenue base be protected. More, better and free public services – for everyone, not just the very poor – would certainly make it easier to live on lower levels of earned income, but this would depend very largely on increasing tax revenues (Coote *et al* 2010) in many countries.

6.4 Other Key Issues

There are other issues of overarching importance that are not the key focus of this report. However, we wish to refer to two of them briefly - the need for greater representation in policy-making and the need for environmental sustainability.

Representation

Any new policy directions are affected by the fact that Europeans have experienced a sense of frustration with consequent risks of alienation and social disruption. The European Social Survey tracked a decline between 2004 and 2010 in overall levels of political trust and satisfaction with democracy widely across much of Europe, with the extent to which this was the case varying by country (Gallie 2013). This has continued in the midst of the pandemic, with Eurofound reporting that trust in institutions 'plummeted' in relation to both the EU and national governments between summer 2020 and spring 2021 (Eurofound, 2021f). Many voters have felt that the EU's dominance of national economic policy in the crisis meant they could change government but not policy (Leonard & Torreblanca, 2013). As discussed in the introduction to this report, this lesson has been underlined by the rise of populism and Euroscepticism across Europe.

Even prior to the recent Covid-related economic crisis, successive European quality of life surveys have noted the positive impact of growth alongside a keen awareness that this rising tide has not reached all citizens equally and improvements are often more limited for some groups including those on low-incomes (Eurofound 2017c). Perceptions of tensions –between ethnic or racial groups, and between religious groups – was more common in 2016 than before the crisis, with a significantly negative impact on trust in institutions. Furthermore, perceived insecurities related to income, accommodation (Eurofound 2019c), and employment are increasingly recognised and often widespread, with negative impacts on well-being and on trust (Eurofound 2019c). These trends have intensified throughout the pandemic, with trust in institutions clearly linked to both shifting levels of financial insecurity and the receipt of support (Eurofound, 2020a).

These finding confirms the wider argument that public services are found to be *positively linked to trust* as perceived quality of public services is a key driver for higher trust in institutions (Eurofound 2019c). Thus, Eurofound argues for more attention to be given to growing feelings of unfairness (between countries, regions and groups), particularly with respect to access to quality public services and for the value of public participation in the co-design of services (Eurofound 2019c). This has likewise been highlighted throughout the pandemic, with particular salience in relation to healthcare access (Eurofound, 2021d).

Ways of addressing a sense of alienation or disempowerment are associated with the concept of 'deliberative democracy' which champions informed debate, emphasising politics as an open-ended and continuous learning process (Held, 2006). The Europe 2020 Strategy envisages a partnership approach that would aim to foster joint ownership. But the views of the weaker stakeholders must be able to be heard and be capable of influencing decisions and results.

Potentially very valuable is the *Charter on Shared Social Responsibilities* which argues that having a well-defined deliberative process can ensure, among other things, that individual preferences are reconciled with widespread priorities in the field of social, environmental and intergenerational justice. It can also reduce the imbalances of power between stakeholders (Council of Europe, 2014).

Sustainability

The latest UN report on emissions (United Nations Environment Programme 2019) presents some very stark findings, including that on current unconditional pledges, the world is heading for a 3.2°C temperature rise, and that unless global greenhouse gas emissions fall by 7.6 per cent each year between 2020 and 2030, the world will miss the opportunity to get on track towards the 1.5°C temperature goal of the Paris Agreement. Technologies and policy knowledge exist to cut emissions, but transformations must begin now (United Nations Environment Programme 2019). In this regard, aspects of the handling of the pandemic may serve as a model and mechanism to further mobilise public resources to tackle the climate emergency (Manzanedo and Manning 2020; Balmford et al. 2020). Furthermore, the outbreak of war in Ukraine following the Russian military invasion of February 2020 will have enormous implications for Europe's energy usage linked to the impact of a sanctions and the growth of political pressure for greater energy security across the European continent.

As already stated, *Social Justice Ireland* believes that the future must be one in which it is recognised that economic development, social development and environmental protection are complementary and interdependent. Pollution and depletion of resources have thrown into doubt the reliance on untrammeled market forces as the key driver of wellbeing for everyone. The current approach is patently unsustainable and economic policy must be designed to prevent catastrophe. Indeed, several of the alternatives that we have outlined above have been developed taking account of environmental limitations. As *Social Justice Ireland* argues elsewhere, narrow thinking about economic growth leads to policies that only promote one aspect of what can be called sustainable social progress and ignores or harms other aspects – so what is needed is a view of prosperity that is inclusive of all and is socially and environmentally sustainable (Clark et al., 2025).

A successful transition to sustainability requires a vision of a viable future societal model and also the ability to overcome obstacles such as vested economic interests, political power struggles and the lack of open social dialogue (Hämäläinen, 2013). A number of approaches to a sustainable economy have been outlined, all involving transformative change (for example the 'performance economy' associated with Stahel and the 'circular economy' associated with Wijkman). Another is the concept of the 'Economy of the Common Good', based on the idea that economic success should be measured in terms of human needs, quality of life and the fulfilment of fundamental values (Felber 2010). This model proposes a new form of social and economic development based on human dignity, solidarity, sustainability, social justice and democratic co-determination and transparency and involving the concept of the common good balance sheet showing the extent to which a company abides by values like human dignity, solidarity and economic sustainability. All three pillars – economic, social and environmental - must be addressed in a balanced manner if development is to be sustainable and sustainability must be a criterion for all future public policies.

7 Conclusions and Recommendations

As we stated in the introduction to this report, for *Social Justice Ireland* seven core rights need to be part of the vision for the future of Europe: right to sufficient income to live with dignity, to meaningful work, to appropriate accommodation, to relevant education, to essential healthcare, to real participation, and the right to cultural respect. 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 contemporary Europe, economic and security and defence issues are being allowed to dominate the policy agenda over social and environmental policy. 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.

In the wake of ongoing geopolitical instability involving war and humanitarian crisis in Europe and the Middle East and a transformation of the global trading order, 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 child care, 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, vulnerable migrants, older people and working poor.** Child poverty is such a serious issue that it requires further action as does the issue of young people Not in Employment, Education or Training (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 disadvantage 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. This is particularly pressing given the reality of conflict and humanitarian crisis has returned to the continent of Europe with the war in Ukraine.

We make the following recommendations for National Governments (and relevant local /regional authorities):

1. **Prioritise Investment:** Large-scale investment programmes are needed to ensure a sustainable and inclusive recovery from the recent 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. As already stated, inappropriate EU rules need to be adjusted that currently block needed, viable investment.
2. **Implement the European Pillar of Social Rights Action Plan:** Establish processes involving social partners and civil society partners to implement the European Pillar of Social Rights Action Plan 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:** Governments need 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. Where inadequate minimum income schemes exist they need to be strengthened.
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 not to 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:** Sustainable and inclusive growth requires approaches to raising revenue that generate enough to support vital services and to move to a social investment approach (where that is absent or insufficiently realised). 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:** 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 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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9 Glossary

The **S80/S20 ratio** (also known as the **income quintile share ratio**) is a measure of the inequality of income distribution. It is calculated as the ratio of total income received by the 20 per cent of the population with the highest income (the top quintile) to that received by the 20 per cent of the population with the lowest income (the bottom quintile). The calculation is based on **equivalised disposable income,** which is the total income of a household after tax and other deductions, that is available for spending or saving, divided by the number of household members converted into equalised adults; household members are equalised or made equivalent by weighting each according to their age.

GINI Coefficient: The Gini coefficient is defined as the relationship of cumulative shares of the population arranged according to the level of equivalised disposable income, to the cumulative share of the equivalised total disposable income received by them.

Europe 2020 Strategy - Adopted in 2010, the Europe 2020 Strategy aims to turn the EU into a 'smart, sustainable and inclusive economy delivering high levels of employment, productivity and social cohesion'. It sets targets to reduce poverty, raise employment, and raise educational levels amongst other things.

European Pillar of Social Rights – Adopted in 2017, the Pillar outlines 20 principles and rights designed to create a fairer and more inclusive social Europe. It aims to improve living and working conditions for citizens across the EU, with a focus on equal opportunities, fair working conditions, and social protection and inclusion.

European Semester - A yearly cycle of economic policy coordination which involves the European Commission undertaking a detailed analysis of EU Member States' programmes of economic and structural reforms and provides them with recommendations for the next 12-18 months. The European semester starts when the Commission adopts its Annual Growth Survey, usually towards the end of the year, which sets out EU priorities for the coming year. For more: http://ec.europa.eu/europe2020/making-it-happen/index_en.htm

Eurostat – the statistical office of the European Union

GDP - Gross domestic product, which is a measure of the economic activity, defined as the value of all goods and services produced less the value of any goods or services used in their creation (Eurostat, tec00115)

Household disposable income is established by Eurostat by summing up all monetary incomes received from any source by each member of the household (including income from work, investment and social benefits) — plus income received at the household level — and deducting taxes and social contributions paid. In order to reflect differences in household size and composition, this total is divided by the number of 'equivalent adults' using a standard (equivalence) scale, which attributes a weight of 1.0 to the first adult in the household, a weight of 0.5 to each subsequent member of the household aged 14 and over, and a weight of 0.3 to household members aged less than 14. The resulting figure is called equivalised disposable income and is attributed to each member of the household. For a lone-person household it is equal to household income. For a household comprising more than one person, it is an indicator of the household income that would be needed by a lone person household to enjoy the same level of economic wellbeing. Source: Eurostat Statistics Explained: Living Standards Statistics: http://ec.europa.eu/eurostat/statistics-explained/index.php/Living_standard_statistics

In work at risk of poverty rate (or working poor) - The share of employed persons of 18 years or over with an equivalised disposable income below the risk-of-poverty threshold, which is set at 60 per cent of the national median equivalised disposable income (after social transfers) (Eurostat, tsdsc320)

NEET rate - The indicator on young people neither in employment nor in education and training (NEET) corresponds to the percentage of the population of a given age group not employed and not involved in further education or training (Eurostat, explanatory text, Code:yth_empl-150)

OECD - The Organisation for Economic Cooperation and Development, which has 34 member countries.

People at risk-of-poverty - Persons with an equivalised disposable income below the risk-of-poverty threshold, which is often set at 60 per cent of the national median equivalised disposable income (after social transfers) (Eurostat, ilc_di03). The 60 per cent threshold is adopted in the Europe 2020 Strategy. It is also possible to examine incomes at other thresholds such as 40 per cent, 50 per cent or 70 per cent.

People at Risk of poverty or social exclusion - The Europe 2020 strategy promotes social inclusion by aiming to lift at least 20 million people out of the 'risk of poverty and social exclusion'. This indicator corresponds to the sum of persons who are: (1) at risk of poverty or (2) severely materially deprived or (3) living in households with very low work intensity. Persons are only counted once even if they are present in several sub-indicators. (Eurostat, ilc_lvhl13)

Severe Material deprivation Severely materially deprived people have living conditions severely constrained by a lack of resources, they experience at least 4 out of 9 following deprivations items: cannot afford i) to pay rent or utility bills, ii) to keep home adequately warm, iii) to face unexpected expenses, iv) to eat meat, fish or a protein equivalent every second day, v) a week holiday away from home, vi) a car, vii) a washing machine, viii) a colour TV, or ix) a telephone (Eurostat, Ilc_mddd11).

Very Low Work Intensity People living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work less than 20 per cent of their total work potential during the past year (Eurostat, ilc_lvhl11).

Chapter 10

10 Statistical Issues

EU composition: Previous reports in this series have used 2008 as a base comparator year for the then (2007-2013) EU-27 (including the UK but excluding Croatia) in relation to the then (2013-2019) EU-28 (including the UK and Croatia). Since UK withdrawal from the EU, datasets for the EU-27 (current composition) have been compiled by Eurostat back to 2010. This report therefore uses 2010 as a base year for EU-27 (current composition) averages.

Series breaks: From 2020 on, the EU-Labour Force Survey has been integrated into the newly designed German micro-census as a subsample, creating a break with previous data series for Germany.[16] The series 'Severe Material Deprivation' (Eurostat ilc_mdd11) has been used for 2010 comparisons where the newly introduced measure 'Severe Material and Social Deprivation' (Eurostat ilc_mdsd11) has been used for years between 2013 and 2021.

Time lag: The main source of comparable data on poverty and social exclusion, the EU Survey on Income and Living Conditions (EU-SILC), has a significant time-lag. Most of the data available for this report relates to 2021 and 2022 being the latest years for which Europe-wide data are available as we prepare this report. Data from any given year relates to data collected during the previous year. Thus, there is virtually a two year time lag in the data and the most recent data available does not give the latest picture.

Indicators: Another important point relative to the data presented here is that there are different approaches to the measurement of poverty and social exclusion. Under the EU 2020 Strategy, headline targets have been set for reductions in poverty or social exclusion. The indicator, 'poverty or social exclusion' is based on a combination of three individual indicators:

(1) persons who are at risk of poverty - people with an equivalised disposable income below the risk-of-poverty threshold set at 60 per cent of the national median (or middle) equivalised disposable income (after social transfers) (Eurostat, ilc_li02)[17].

(2) people severely materially deprived have living conditions severely constrained by a lack of resources; they experience at least 4 out of a list of 9 deprivation items (See Glossary for the full list). (Eurostat, Ilc_mddd11), or

(3) people living in households with very low work intensity are those aged 0-59 living in households where the adults (aged 18-59) work less than 20 per cent of their total work potential during the past year (Eurostat, ilc_lvhl11).

Relative Poverty: The first of the three indicators used in the Europe 2020 Strategy, 'at risk of poverty,' is a relative income poverty threshold, which means that it is used to assess poverty levels relative to the national median income, something that relates it to

16 https://ec.europa.eu/eurostat/documents/10186/6246844/LFS-2020-Note-on-German-data.pdf

17 The 60 per cent threshold is adopted in the Europe 2020 Strategy. It is also possible to examine incomes below other thresholds such as 40 per cent, 50 per cent or 70 per cent.

local conditions and that shifts in line with changes in general income/salary levels. It is also recognised that because relative poverty measures are related to current median (or middle, not average) income, it can be difficult to interpret at a time when the incomes of all households start to decline or rise (that is, during recessions or recoveries). In fact, where the incomes of all households fall in a recession, but they fall by less at the bottom than at the middle, relative poverty can actually decline. This can mask or delay the full picture of poverty emerging.

Comparable Data: There can occasionally be slight differences of definition and differences of interpretation between national bodies and Eurostat. Using the figures from Eurostat makes it possible to compare like with like across countries.