



BRIEFING  
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# SOLIDAR briefing on the Employment and Social Developments in Europe (ESDE 2017) Report

GOOD FIGURES WITH A LOT OF « BUT » AND A FOCUS ON INTERGENERATIONAL JUSTICE



On 17 July 2017 the European Commission published its annual ESDE Report, unlike in the previous years not in line with the Annual Growth Survey in the framework of the European Semester at the beginning of the year but only in July - and without a public presentation. SOLIDAR has been calling for this annual overview of the most important social and employment-related developments in the EU as it gives a comprehensive and detailed picture of the social situation in Europe. This year's edition has a focus on intergenerational justice by concentrating on the situation on the labour market and pension systems.

SOLIDAR welcomes the ESDE 2017 - although published with a significant delay - and points at the fact that the report states many good figures that give reason for hope but at the same time it stresses a lot of restrictions to these positive developments. The [European Pillar of Social Rights](#) is a good opportunity to tackle these restrictions and ensure high-level social standards for everyone living in Europe.







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Commissioner for Employment, Social Affairs, Skills and Labour Mobility, Marianne Thyssen, commented: «This annual review shows once again that we are firmly on the path towards more jobs and growth. However, [today's young and their children may end up worse off than their parents](#). This is not what we want. Swift action is needed. With the [European Pillar of Social Rights](#) we want to preserve and improve our [social standards](#) and living conditions for future generations.»

## 1. Main conclusions

“[The ESDE 2017] confirms positive labour market and social trends and continued economic growth. With over 234 million people having a job, employment has never been as high as today in the EU and unemployment is at its lowest level since December 2008. Since 2013, 10 million jobs have been created [in the EU](#). But looking beyond the overall social and

<sup>1</sup> [http://europa.eu/rapid/press-release\\_IP-17-1988\\_en.htm](http://europa.eu/rapid/press-release_IP-17-1988_en.htm)

economic progress, evidence shows that there is a particularly heavy burden on younger generations: they tend to have more difficulties in finding a job and are more often in non-standard and precarious forms of employment including temporary contracts, which may lower their social protection coverage. They are also likely to receive lower pensions, relative to wages. This is why the 2017 ESDE review focuses on intergenerational fairness: we need to make sure that all generations benefit from the current positive economic trends.”

## 2. Main employment and social developments<sup>2</sup>

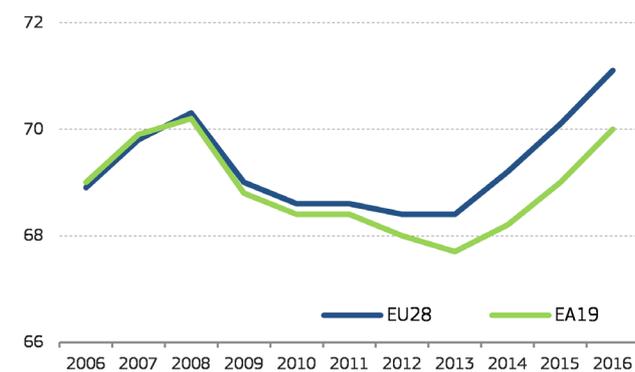
- GDP growth (1.9 % in the EU and 1.8 % in the euro area in 2016) but mostly driven by [consumption](#), while investment has so far failed to recover significantly;
- Solid net job creation since mid-2013 with 234.2 million people in employment in the EU but [lower expansion of hours worked per person employed](#);
- In 2015 the EU reached a higher rate of participation in the labour market than the US. This was the result principally of older [workers delaying their retirement](#) and women's increased labour force participation;
- EU 2020 target of [75 % employment rate still achievable](#) if the recent trend continues. But the crisis and the recovery have changed the structure of employment in the EU, particularly through a shift of employment towards service activities and an increase in part-time jobs, including a [rise in involuntary part-time work](#);
- [Unemployment is declining but remains high, especially among the youth and long-term unemployment remains high](#). Big disparities across Member States persist;
- [Employment rate of women reached another record high in 2016 but employment gap at the EU level remained unchanged as well as gender pay gap](#);

<sup>2</sup> <http://ec.europa.eu/social/main.jsp?catId=738&langId=en&pubId=8030&furtherPubs=yes>

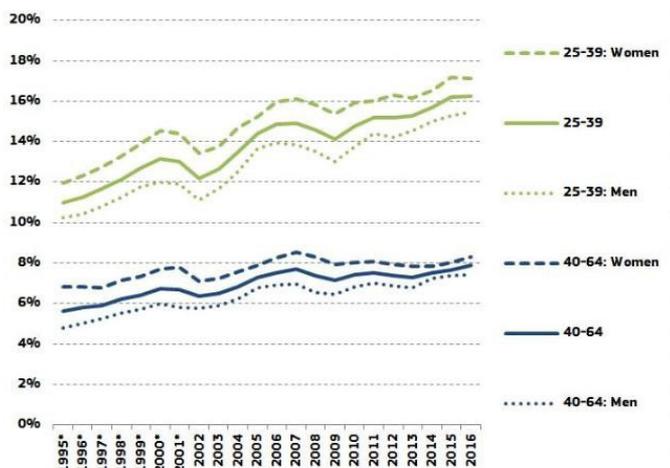




- Disposable household income reached the level of 2008 by 2015 in the EU and in 2016 in the euro area and its growth continued to strengthen in 2016. Social protection also continued to support income growth, mainly due to increases in old-age pensions and in health-related expenditure;
- Job-rich recovery has helped to reduce significantly the number of people at risk of poverty and social exclusion in the EU, by 4.8 million between 2012 and 2015 but remains high at almost 119 million in 2015, well above the Europe 2020 target;
- Income inequality stopped rising only in 2015 and around ten Member States registered a notable increase in inequality between 2012 and 2015.



Graph 1. Employment rate\*



Graph 2. More temporary jobs, especially for young people\*

### 3. Intergenerational fairness and solidarity

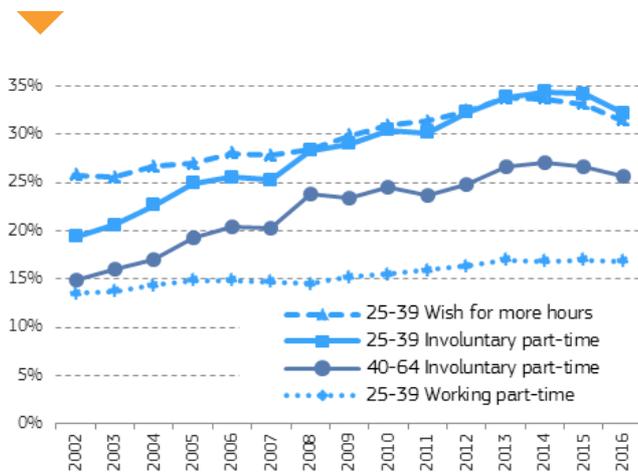
- Steady improvements in living standards underpinned the acceptance of the intergenerational social contract but structural changes and the legacy of the crisis are giving rise to concerns;
- Especially the (income) situation of the older people has improved compared to the overall population and there has been a shift in social protection spending benefiting the old at the expense of the young, especially in Southern Europe. Efficiency and fairness of taxation need to be improved;
- Big issue of ageing society leading to a shrinking workforce -- Possible remedies: longer working lives, increased fertility, immigration, higher productivity.

### 4. Working lives

- Labour market increasingly characterised by a generational divide: youth more likely to be unemployed, in atypical/precarious work (especially involuntary part-time work), in temporary employment, with less social protection;
- Young people face greater credit constraints and job insecurity than older age groups and have increasingly postponed household formation and home ownership;
- Education outcomes have improved but parental background still important.



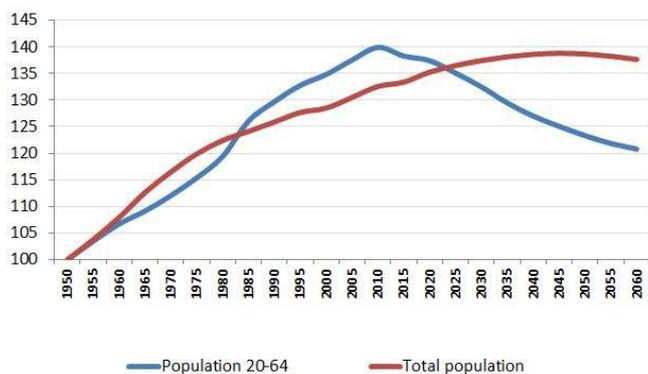
\*) All graphs - Source: Eurostat



Graph 3. (Involuntary) Part-time work\*

## 5. Retirement

- Increases in real median pensions have contributed to the improvement in older people's relative income over the last decade;
- But ageing society leads to more beneficiaries and fewer contributors, entitlements for future generations at risk: double burden for youth - higher contributions meaning less income and smaller pensions later.



Graph 4. Projections for total population and working age population, EU-28\*

## 7. Bertelsmann Social Policy Reform Barometer 2016

The Bertelsmann Foundation<sup>3</sup> published in February 2017<sup>4</sup> its Social Policy Reform Barometer 2016 in the framework of its Social Inclusion Monitor Europe Project.

SOLIDAR has been invited to contribute to the process which focuses on the reform need, activity and quality of 55 policy objectives in the 28 Member States. The report draws attention to reform efforts in the area of poverty prevention, equitable education, labour market access, social cohesion and non-discrimination and health.

The main findings are:

- Social inclusion needs reforms for which the EU is the main catalyst, e.g. reforms in the areas of labour market access, non-discrimination, social cohesion, poverty prevention;
- The EU28 overall fails to implement necessary reforms but there are strong efforts in some parts of EU;
- South-eastern countries (esp. Croatia, Bulgaria) are best performers while the old EU MS show a "reform fatigue" (esp. UK and France);
- MS with high level of social justice need fewer reforms in general (with exceptions);
- Social challenges have at least been partially addressed but a lot more needs to be done, especially countries with tight public budgets have high reform needs;
- Strongest reform need "Improving life for unemployed youth", mainly the fight against youth unemployment but also reduction of child poverty and the independence of learning outcomes from family background;
- Another important area identified is "integration of refugees".

<sup>3</sup> The Bertelsmann Foundation is a private German foundation related to the publishing house Bertelsmann and active in the fields of education, democracy, social affairs, health, the economy and culture through investing funds in projects that it conceives, initiates and implements itself.

<sup>4</sup> [www.social-inclusion-monitor.eu](http://www.social-inclusion-monitor.eu)





As highlighted in the Employment and Social Developments report, the overall EU labour market has shown some signs of improvement but in SOLIDAR's view an integrated approach regarding employment, social and economic policies needs to be followed in order to address the diverse situations across the European Union. Ageing populations, increasing numbers of foreign nationals and new family structures are all aspects that need to be taken into account when designing or implementing policies in the frame of structural reforms.

The protracted economic and financial crisis and slow growth have increased social challenges as well as created further fiscal constraints. These new realities have far reaching implications, and call indeed for changes in the social models to limit the damage already caused by increased inequality, divergence and dualisation of the economies. The social policies and welfare systems need to transform through adequate investment in people, as early as possible and on a continuous basis, along each individual's life course<sup>5</sup>.

SOLIDAR together with its members has been implementing the SOLIDAR Social Progress Watch (SPW) for four years now with last year's report presenting the main findings and general recommendations of the 2016 SOLIDAR Social Progress Watch regarding the 'modernisation' of social protection systems and access to services in the EU<sup>6</sup>. It is based on extensive consultations with SOLIDAR members and partners.

The recommendations of the SPW 2016 aim to close the gaps in the current proposal for the European Pillar of Social Rights, in order to ensure upward social convergence in the EU as enshrined in Article

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<sup>5</sup> SOLIDAR's edited volume on Progressive Structural Reforms: [http://solidar.org/IMG/pdf/2015\\_11\\_30\\_social\\_progress\\_lab\\_struc\\_reforms.pdf](http://solidar.org/IMG/pdf/2015_11_30_social_progress_lab_struc_reforms.pdf)

<sup>6</sup> <http://www.solidar.org/en/publications/solidar-social-progress-watch-2016-a-guideline-to-a-rights-based-approach-for-the-european-pillar-of-social-rights>

9 TFEU and in the international commitments of Member States in the field of social protection. The report concludes that national social protection systems do not ensure decent living standards. Access to high quality social services is not guaranteed for all and is particularly limited for vulnerable people. SOLIDAR therefore calls for a rights-based approach that enforces uniform, high-level social standards accessible to everyone. The positive (economic) impact of high-level social protection is often underestimated and not paid attention to in the calculation of deficits. Equally, more value needs to be given to social and health services and their positive impact on the cohesion of our societies. It is the primary responsibility of the state to ensure that everyone living on its territory can enjoy a certain set of rights and that people can thrive and live a decent life.

SOLIDAR also draws attention to the importance of linking the European Pillar of Social Rights to the Sustainable Development Goals (SDGs) and using it as a tool to implement more sustainable social, economic and environmental structures in Europe.

SOLIDAR together with its members will continue its work to promote social inclusion in Europe by supporting the European Commission with inputs into the development, implementation, monitoring and evaluation of initiatives taken to achieve the objectives of the Europe 2020 strategy, the European Pillar of Social Rights, the SDGs as well as the Political Guidelines of the EC - as outlined in the ongoing EaSI Call for EU-level NGO networks active in the areas of social inclusion and poverty reduction.





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SOLIDAR is a European network of membership based Civil Society Organisations who gather several millions of citizens throughout Europe and worldwide. SOLIDAR voices the values of its member organisations to the EU and international institutions across the three main policy sectors; social affairs, lifelong learning and international cooperation.

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