European Researsh Series

European Research Series

Europe from Pandemic to Polycrisis

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

Social Justice Ireland
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Preface

'Europe from Pandemic to Polycrisis' 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 Europe's uneven recovery from the financial crisis through to the Covid-19 pandemic in the midst of widening inequality, mounting climate and energy crises and the outbreak of war in Ukraine. In fact, one of the key findings of this report – that the European Union itself and many member states never fully recovered from the crash of 2008-09 – suggests investment policy at EU level must commit to rebuilding a social Europe capable of addressing the complex legacies of the past as well as the myriad challenges of the present. At a time of compounding and unprecedented shocks – an apparent 'polycrisis' of social, ecological and geopolitical dimensions – the European Union must heed the lessons of its own recent history. Fifteen years on from the last major crisis, as Europe seeks to rebuilt from the unprecedented shock of Covid-19 and the consequences of war in Ukraine, the EU must confront:

- 13.3 million people unemployed;
- 4.8 million people long-term unemployed;
- 2.75 million young people aged under 25 unemployed (highest in Greece, Spain and Italy);
- 73.7 million people living in poverty (over 2.2 million more people than in 2010) - of whom over 15.7 million are children (one fifth of Europe's children are living in poverty).

Just as the European Union continues to suffer from social and economic wounds 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 based on the European Social Model is required. This response must be built 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, have been disproportionately impacted by the cost of living and energy crises and unlike in 2008, they must be protected if Europe is to achieve a real and lasting recovery.

'Europe from Pandemic to Polycrisis' is the fifteenth 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 to the financial crisis of 2008 including the social investment package, as well the more recent pandemic-related European Recovery Plan. 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 the public health emergency of 2020-23 and ongoing crises linked to the ongoing war in Ukraine (2022-).

We hope that this report can make a timely and significant contribution to the delivery of the European Pillar of Social Rights Action Plan and putting social Europe at the centre of EU policy. The aim of the European Pillar of Social Rights is to take account of the changing realities of Europe's societies and the world of work. 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 pandemic. True recovery 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 half way 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 also was 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 focussed 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 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 Ann Leahy and Dr Peter Hession for their work in producing the research for our European Research Series. They have brought a great deal of experience, research, knowledge and wisdom to ensure that these publications are 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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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. In this report we briefly refer to the crisis and its aftermath and then consider more recent social policy developments in Europe and in particular policy responses to the crisis created by the Covid 19 pandemic and the war in Ukraine. In the following Chapters, we examine the legacies of the financial crisis of 2008 on European member states now seeking to overcome the contemporary 'polycrisis' confronting the EU – epidemiological, geopolitical and ecological – 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 recent past. In this light, we finish with some recommendations. The findings of this report thus aim to connect the uneven legacies of recovery dating from the 2008 financial crisis to the present conjuncture and should inform EU investment policy on rebuilding our society and economy in the wake of Covid-19 and the return of war to Europe.

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 and 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.

1.1 Background: The Crisis and its Aftermath

The origins of the global economic crisis and the official reaction to it are discussed in previous reports in this series. In short, its origins lie in bad regulation and bad financial practices in the United States. What began as a clear failure of the market economy (particularly amongst financial institutions) was soon interpreted as a problem of the overstretched role of the state leading to a prioritisation of austerity policies. This approach soon hardened into orthodoxy among the financial leaders of Europe (Krugman, 2015).

As the crisis spread, budgetary consolidation, economic recovery and protecting the euro emerged as the dominant political priorities. This in turn spurred the European Central Bank to launch a programme of quantitative easing[1] from 2015 designed to stimulate the economy by encouraging banks to make more loans. By contrast, long-running commitments to social equity at the European level have been critically weakened in this context as a gulf emerges 'between the rhetoric and the reality of

[1] Quantitative easing means creating money by buying securities, such as government bonds, from banks with electronic cash that did not exist before. The new money swells the size of bank reserves in the economy by the quantity of assets purchased (The Economist, 9 March 2015)

"social Europe"' (O Cinneide, 2014). While prominent economists such as Thomas Piketty (Piketty et al. 2017) have argued Europe's putative 'democratic deficit' remains a major obstacle to reviving this focus, others have emphasized longer-term political risks to the EU arising from its current 'social deficit' (Copeland, 2015). Links between austerity and the intensification of Euroscepticism have thus been widely cited as factors underlying the UK's decision to withdraw from the EU in 2016 (Fetzer, 2019).

In this context, it is interesting that in recent times there has been acknowledgement of mistakes made in imposing austerity on the part both of economists and international bodies (see Skidelsky 2018; Scally 2019). This has been evident since at least 2013, when the International Monetary Fund (IMF) chief economist Olivier Blanchard acknowledged the Fund had 'significantly underestimated the increase in unemployment and the decline in private consumption and investment associated with fiscal consolidation' (Blanchard and Leigh, 2013). More recently, IMF economists have gone further in explicitly arguing that:

> 'Austerity policies not only generate substantial welfare costs ... they also hurt demand—and thus worsen employment and unemployment.... The evidence of the economic damage from inequality suggests that policymakers should be more open to redistribution than they are' (Ostry, Loungani and Furceri 2016: 40-41).

Another example comes from the OECD which for some time has been explicit that mistakes were made in the response to the economic crisis (see OECD 2015b). They call for a greater focus on well-being and its distribution to ensure that growth delivers progress for all. They relate this to very high levels of inequality in the OECD and to the fact that large income inequalities undermine growth and wellbeing, and require, amongst other things, that taxation systems are reformed to ensure that they are progressive enough (OECD 2015b).

While the Europe 2020 Strategy introduced in 2010 focused on achieving high levels of employment, productivity and social cohesion, it is well recognised that, following the crisis, trust in democratic institutions declined (Foster and Frieden, 2017) and social cohesion came under new pressure (Eurofound, 2018b). This is due not only to the economic and employment crisis and the response to it, but also due to longer-term trends such as growing inequality, immigration and increased cultural diversity and also increasing social disparities in relation to issues of poverty, labour market access, health and equitable education. Perceived insecurities related to income, accommodation, and employment are increasingly recognised as having negative impacts upon both well-being and trust in institutions, and these vulnerabilities became more intense throughout the pandemic (Eurofound, 2020a).

1.2 Developments of Recent Years

While noting the bloc's economy was set to enter a seventh year of uninterrupted growth on the eve of the pandemic, the European Commission's Annual Sustainable Growth Strategy for 2020 acknowledged that 'investment and potential growth ... remain below pre-crisis levels' as Europe faced 'a period of subdued growth' (European Commission, 2019d). As recently as the May 2021, EU leaders have again sought to confront the persistence of skill shortages and underemployment across Europe alongside the longer-term challenges posed by population ageing, digitization and climate change (European Council, 2021a).

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

The European Commission's *Employment and Social Developments* review for 2020 similarly notes that, even prior to Covid, 'important weaknesses' continue to exist including high youth unemployment, gender gaps and disparities in social protection which have helped to fuel both rising income inequality and in-work poverty across a majority of Member States (European Commission, 2020a). Evidence from Eurobarometer surveys likewise indicate a rising climate of insecurity among European citizens relating to prices, health and social security, pensions and the financial situation of their household as well as concerns relating to environment, climate and energy issues and housing. Europeans increasingly demand action to address the evident contrasts, while continuing efforts to address other important challenges – notably migration and security – and to combat climate change and environmental degradation (European Commission 2019a). One issue recently highlighted in the way that the recovery is evolving relates to growing inequality between regions, which is one factor leading to disenchantment with existing political systems (Eurofound and European Commission Joint Research Centre, 2019).

The Barcelona European Summit of 2002 sought to define the 'European social model' as one which aimed to strike 'a balance between economic prosperity and social justice' (European Council, 2002). However, it is argued that despite the formulation of specific social policy objectives at the EU level – for example, the goals of the Europe 2020 strategy– there is as yet no integrated EU strategy that consistently and comprehensively combines the two key objectives: growth *and* social justice (Schraad-Tischler and Kroll, 2014). Overall the EU needs to find a way to rebalance its policy focus and give greater prominence to social priorities, which were neglected, especially during the crisis, 2008-2013. In the wake of the present public health crisis, *Social Justice Ireland* believes that the European project must reassert its credibility in the face of current challenges by strengthening its social foundations.

As former reports in this series have indicated, it is clear that the rising tide of nominal growth over recent years has failed to lift all boats. A rising tide does not provide everyone with a boat (the foundation upon which to participate in society) or repair the damage to some boats caused by social and economic exclusion (Clarke and Kavanagh 2019:7). Perceived quality of public services is a key driver for higher trust in institutions, pointing to the value of public participation in the co-design of services (Eurofound 2019c). While the economy and economic growth are important, they exist in a context, and economic growth is as much an effect of social progress as a potential contributor to social progress.

1.3 EU – Key Social Policy Responses

The European Council adopted the Europe 2020 Strategy in 2010 as a key response to the economic crisis. It set out to develop a more balanced and sustainable approach for the future (European Commission 2010). The strategy was seen as a step forward in the development of EU policymaking, because it recognised the importance of social issues. It committed European states to work towards targets in a range of areas including on poverty and social exclusion, employment and education and established an agreed set of indicators designed to measure progress toward meeting those targets. As the programmes reaches its concluding point, reflection on the progress or otherwise towards meeting its targets will form a key focus of this report.

Adopted in 2013, the European Commission's Social Investment Package reiterated the importance of an active inclusion approach and set out how well-designed social policies can contribute to economic growth as well as protecting people from poverty and providing economic stabilisers. The European Commission argues that addressing excessive inequality in Europe requires adequate levels of social investment, investment in lifelong learning, and social expenditure that is more responsive to the economic cycle (that is, periods of growth and periods of recession) and integrated welfare reforms supported by well-functioning labour markets (2015). Other initiatives taken include the Youth Guarantee, the Youth Employment Initiative (the main EU funding programme to facilitate the roll-out of a guarantee to which member states are committed) aimed at supporting particular regions where youth unemployment is higher than 25 per cent, launched in 2014 and due to conclude in 2023. March 2021 has also seen the launch of the

EU Strategy on the Rights of the Child and the European Child Guarantee outlining guidelines for Member States regarding support for vulnerable children relating to housing, education, healthcare, and nutrition (European Commission, 2021d).

In March 2017, the Commission presented a White Paper setting out a broader vision for the future of the EU and the Economic and Monetary Union (EMU). The White Paper presented five scenarios of the potential state of the Union in 2025. However, *Social Justice Ireland* and other civil society organisations pointed to the fact that social issues or social policy barely feature in any of these scenarios, confirming a perception that the EU has become an economic project that has failed to come to terms with social issues. *Social Justice Ireland* believes that an alternative option for the future of the EU should 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.

The EU contributed to the formulation of the UN Sustainable Development Goals (or SDGs) 2030 agenda. The Commission's Reflection Paper 'Towards a Sustainable Europe by 2030', January 2019, notes how the EU compares favourably with other world regions in many respects but acknowledges that democracy, economy and natural environment all need continuous efforts to 'consolidate achievements, to fully overcome the negative impact from the economic and financial crisis, to decouple the improvement of our health, welfare and well-being from environmental degradation, to overcome social inequalities, and to address challenges that go beyond borders' (European Commission 2019c). It is also interesting that a review of the performance of 193 UN countries in addressing SDG targets suggests that Nordic countries – Denmark, Sweden and Finland – top the SDG Index while each also faces challenges on meeting one or several SDGs (Sachs et al 2019). The decision in 2019 of the new von der Leyen Commission to integrate SDGs into the European Semester – the annual cycle of economic policy coordination across the EU – has been praised in some quarters for indicating a greater degree to commitment to meeting these goals. However, critics have argued, inherent tensions between the constraints of EU policymaking and the SDGs themselves will likely continue to represent a 'conundrum' (Sabato and Mandelli, 2021).

The European Pillar of Social Rights in 2017 is the European Commission's latest major initiative in the field of employment and social affairs. It is understood as official recognition that the reactions to the Eurozone crisis neglected the EU's social dimension. It articulates 20 key principles, structured around three categories: equal opportunities and access to the labour market; fair working conditions, and social protection and inclusion. March 2021 saw the launch of the European Pillar of Social Rights Action Plan as the latest iteration of this programme, including a more detailed roadmap to fulfilling the plan and a richer set of indicators by which progress toward the targets can be assessed. However, as both trade unions and employers groups have recently noted, the Action Plan is non-legally binding in its own right while remaining subject to existing EU competencies and budgetary rules encompassing all Member States (European Trade Union Congress, 2021; European Enterprise Alliance, 2021).

As Crespy (2017) and others have argued, the long-term congruence of EU social policies within existing constraints – particularly those relating to fiscal discipline – continues to raise serious questions about the coherence of the EU's socio-economic strategy as a whole. 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).

Another recent follow up to the European Pillar of Social Rights has been the adoption of a new Directive (2019/1152) on Transparent and Predictable Working Conditions. 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 to benefit from a set of provisions to reduce precariousness. However, arguably it does not address the worst forms of precariousness and does not, for example, prohibit zero-hours contracts (Piasna 2019). EU Member States will have until 2022 to transpose the new rules into their national legislation.

A consultation launched in February 2020 around the proposed directive on Digital Platform Workers will seek to address similar issues affecting the 'gig economy', with a sectoral study carried out for the Commission in 2019 acknowledging 'self-employed platform workers dependent ...in precarious situations, appear to be the most vulnerable and least protected' (Kilhoffer et al., 2019). The European Parliament's Committee on Employment and Social Affairs has recently responded to this by emphasising 'the need to better combat bogus self-employment' as a whole, while noting the Directive forms a piece – alongside the Digital Services Act (2020/825) and the Digital Markets Act (2020/842) – of a wider ongoing push to regulate 'big tech' by the European institutions (Employment and Social Affairs Committee, 2021a). 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).

Proposals launched by the European Commission in October 2020 for an EU Directive on Adequate Minimum Wages (2020/682) likewise aims to give legislative force to Principle 6 of the European Pillar of Social Rights 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 recently noted a real increase in minimum wages in 23 of the 27 Member States (International Labour Organization, 2021), major inequalities in rates of increase persist as negotiations on the Directive have repeatedly stalled in the face of opposition from certain Member States partly on the basis of putative EU 'overreach' in this area (Eurofound, 2021a). By contrast, the launch in 2019 of a new European Labour Authority charged with coordinating the enforcement of EU law on labour mobility, has been criticized as a 'toothless tiger' due to the voluntary nature of Member states' participation (Employment and Social Affairs Committee, 2018).

Another piece of policy conspicuous for its absence in the updated European Pillar of Social Rights Action Plan was a proposed Eurozone unemployment insurance scheme of the kind first proposed by the German economist Sebastian Dullien (2007). The new Commission has indicated this will ultimately come to succeed current pandemic income support measures including the Support to mitigate Unemployment Risks in an Emergency (SURE) fund, claiming the latter 'should be seen as an emergency operationalization of a European Unemployment Re-insurance Scheme' (Vandenbroucke et al. 2020).

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 new 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).

This ties back into the wider concept of social investment, which is characterised by policies that 'prepare' individuals and families to respond to new social risks of the competitive knowledge society by investing in human capital from early childhood on, rather than simply to 'repair' damage after moments of economic or political crisis (Hemerijck, 2014). The European social investment package calls for social protection systems that guard against risks across the lifecycle, emphasising the need for well-targeted, comprehensive and enabling benefits and services. It stresses that welfare systems fulfil three functions: social investment, social protection and stabilisation of the economy.

The social investment approach relies on the assumption that social and economic policies are mutually reinforcing and that the former, when framed from a social investment perspective, represents a precondition for future economic and employment growth. The Social Investment Package aims for quality employment for those who can work and for resources sufficient to live in dignity for those who cannot (European Commission, 2013a).

1.4 The Covid Crisis

On the eve of the pandemic's arrival and as a new European Commission settled into office, a rising chorus of voices were coming to apprehend 'the end of social Europe' (Graziano and Hartlapp, 2019). Although similar accounts of 'the death of social Europe' gathered pace throughout the rightward-shift of the European Commission under Jean-Claude Juncker from 2014 (Ewing, 2015; Menz and Crespy, 2015), a fresh emphasis on climate change and digitization – but broad continuity with Barroso and Junker era social policies – appeared to affirm this trajectory as Ursula von der Leyen assumed the Presidency of the European Commission in December 2019 (European Commission, 2019e).

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. Out of a total EU budget of €1.07 trillion agreed for 2021–27 in November 2020, initiatives such as the €100 billion Support to mitigate Unemployment Risks in an Emergency (SURE) fund was specifically designed to help Member States address the short-term impact of the pandemic on labour markets. This was followed in July 2020 by agreement on a separate €750 billion Next Generation EU (NGEU) fund, likewise intended to support member states hit by the pandemic but encompassing wider public investments around the incoming Commission's stated priorities. To be channelled to Member States via a Recovery and Resilience Facility created in February 2021, the NGEU is thus being framed as an 'opportunity' for 'recovery from the COVID-19 crisis *and* of undertaking green and digital transitions in an inclusive way' (European Council, 2021a).

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, unveiled in March 2021, and the wider suite of measures being introduced to tackle the pandemic's impact in keeping with the EU's Strategic Agenda to 2024 (European Council, 2019; 2021b). This shift, however, does little to obscure the enduring realities of a long-term 'social deficit' across Europe and the lack of both robust EU competencies and capacities in relation to the now critical area of public health (Thill and Kirov, 2020).

Throughout the first half of 2020, the size, conditionality and financing of what would become the European Recovery Plan and Fund, encompassing the NGEU and broader MFF 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. Although it remains too early to tell how permanent these shifts may prove, contrasts have been drawn between the EU's current response to the pandemic and what the European Commissioner for Economy Paolo Gentiloni has recently referred to obliquely as 'the mistakes of the past' in reference to the now discredited austerity policies pursued following the financial crisis (European Commission, 2020b).

As Europe has sought to recover and rebuilt in the aftermath of the pandemic throughout 2022, the spectre of of retrenchment in terms of monetary and fiscal 'normalization' has already begun to emerge in the face of tight labour markets and rising inflation (European Commission, 2022b). Yet the fragility of Europe's ongoing recovery remans starkly evident, as revised growth rates projected in the European Commission's Winter 2023 Economic Forecast remain subject to 'high … uncertainty'. (European Commission, 2023b).

As the World Health Organisation has (5 May 2023) moved to declare an end to Covid-19 as a 'global health emergency', it is clear that the pandemic has carried a stark human cost. To date (May 2023) there have been over 249 million reported infections and 2.05 million reported deaths across the continent of Europe (European Centre for Disease Prevention and Control, 2023). In its wake, the pandemic has also laid bare and exacerbated deepening social fissures across the EU, particularly in relation to health, housing, and job security. To what extent the post-Covid recovery will come to constitute a lasting break with the failed polices of the past remains, as yet, unclear.

1.5 War in Ukraine

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 the loss of 354,000 lives and wrecked destruction in Ukraine at an estimated cost of 380 billion euros to date (World Bank, 2023). 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, 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 percent drops in EU imports of Russian natural gas and oil respectively during 2022 (Eurostat, 2023).

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). Predictably, this has manifested itself in energy-specific inflation rates as high as 38.7% in October 2022 and food price inflation hitting 16.5% in February 2023 (European Commission, 2023a). Against this backdrop, the European Central Bank has recently estimated 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-politicization" of EU energy policy since the war has also 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 (European Commission, 2023c).

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 Brussels Tripartite Social Summit (22 March 2023) for a 'highly competitive social market economy' congruent with the 'skills agenda' to aid a more 'resilient' Single Market reveals a telling shift in tone; as European Council President Charles Michel himself urged, a 'European industrial policy response' is now being presented as the key to addressing a more fraught geopolitical environment with EU social policies relegated to a subordinate role. (European Council, 2023).

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 8.2 million refugees across Europe of which over half reside in the EU under the 2001 Temporary Protection Directive. 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 paralyzed 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 recognizing the EU social rights of temporary protectees as a legitimate and necessary locus of EU burden-sharing (Fabbrini, 2023). Signs that the EU Pact on Asylum and Migration intended for 2024 may backtrack on what the European Council on Refugees and Exiles has termed such "compensatory solidarity mechanisms" may yet threaten steps toward the strengthening of asylum-seekers' social rights – and thus social rights as a whole – across the EU. (European Commission, 2023d)

Against a backdrop of uneven recovery from the great recession of 2008-09 through the Covid-19 pandemic to the recent return of war to continent of Europe, 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 in the twenty-first century.

1.6 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 1.** 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 1 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 Hungary Ireland Luxembourg	Malta Poland Portugal
Group 3: Social investment approach has not made many significant inroads into the overall policy agenda	Bulgaria Czech Republic Estonia Greece Croatia	Italy Latvia Lithuania Romania Slovakia

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

For *Social Justice Ireland* every person has 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 2.** *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 reasoned evidence-based and enlightened debate in which decision ns taken are justified and accessible to the general public.

Table 2 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 and Kavanagh, 2017, 2019; Clark, Kavanagh and Lenihan, 2018).

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[2] (**Section 5**). Throughout the report we will review how the groupings of countries relative to their performance under social investment and set out in **Table 1** perform in relation to some of these headings. 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.**

[2] 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 2**.) 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 2010 the EU set a target in the 2020 Strategy to reduce the number of Europeans living in or at risk of poverty or social exclusion by 20 million by 2020. In this section, we take that as a starting point by referring to how Europe has progressed in relation to that target and we will also look at some further indicators of poverty/inequality as well as impacts on certain groups. We will finish this section by looking briefly at income inequality and at 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, 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)[3]

(2) **people who are 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** - 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).

The combined 'poverty or social exclusion' indicator corresponds to the sum of persons who are at risk of poverty or severely materially and socially deprived or living in households with very low work intensity. Persons are only counted once even if they are

[3] 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.

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 3** we set out a summary of the position relative to each of these indicators (using 2010 as a baseline and giving information from 2015 to 2021), 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.

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.

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Table 3 People Experiencing Poverty, EU-27, 2010, 2015 to 2021

Poverty Indicators								
	People at risk of poverty or social exclusion		People at risk of poverty (60% threshold)		People experiencing Severe 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	38.7m*	8.9*	32.8m	9.9
2015	104.9m	24.0	76.1m	17.4	40.9m	9.7	34.0m	10.5
2016	103.6m	23.7	76.6m	17.5	37.9m	9.0	33.6m	10.4
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
Children (under 18)								
2010**	22.2m	27.3	17.2m	21.1	8.4m*	10.3*	6.6m	8.2
2015	22.4m	27.4	17.4m	21.4	9.5m	11.8	6.9m	8.5
2016	22.1m	27.1	17.4m	21.4	8.9m	11.1	7.1m	8.7
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
Older people (over 65s)								
2010**	14.9m	19.8	11.5m	15.3	5.6m*	7.5*	n/a	n/a
2015	14.8m	18.0	11.3m	13.7	5.9m	7.4		
2016	15.4m	18.5	11.9m	14.3	5.8m	7.3		
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		

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, Europe moved farther away in subsequent years from achieving those targets and countries were very divergent in their experiences. The **risk of poverty**

or social exclusion rate (the combined indicator of poverty used in the Europe 2020 strategy) increased between 2008 and 2012. 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 2020 and 2021 (2021 being the latest year for which comparable rates are available across Europe).

Thus, the risk of poverty or social exclusion rate has improved each year since 2012 but stands at 21.7 per cent in 2021 (EU-27), still representing one in five Europeans, and amounting to over 95.4 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 (-12.7m people), which is welcome. Between 2019 and 2021, however, a quarter of this ground was lost with an increase to 21.7 per cent affecting an additional 3.2 million people. In the decade since 2010, Europe has reduced this number by just 8.3m people and has thus 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 since spring 2020, the fruits of several years of growth in the EU have been 'offset ... by uneven developments in the income distribution, including increasing depth of poverty, the rising risk of poverty for people living in (quasi-)jobless households and the limited progress towards the Europe 2020 target 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 has widened and deepened inequalities between social groups in income, employment, housing and health (Eurofound, 2022). This report explores the wider contexts and trends which have helped to frame the current crisis, highlighting the structural roots of problems the pandemic has served to reveal and worsen.

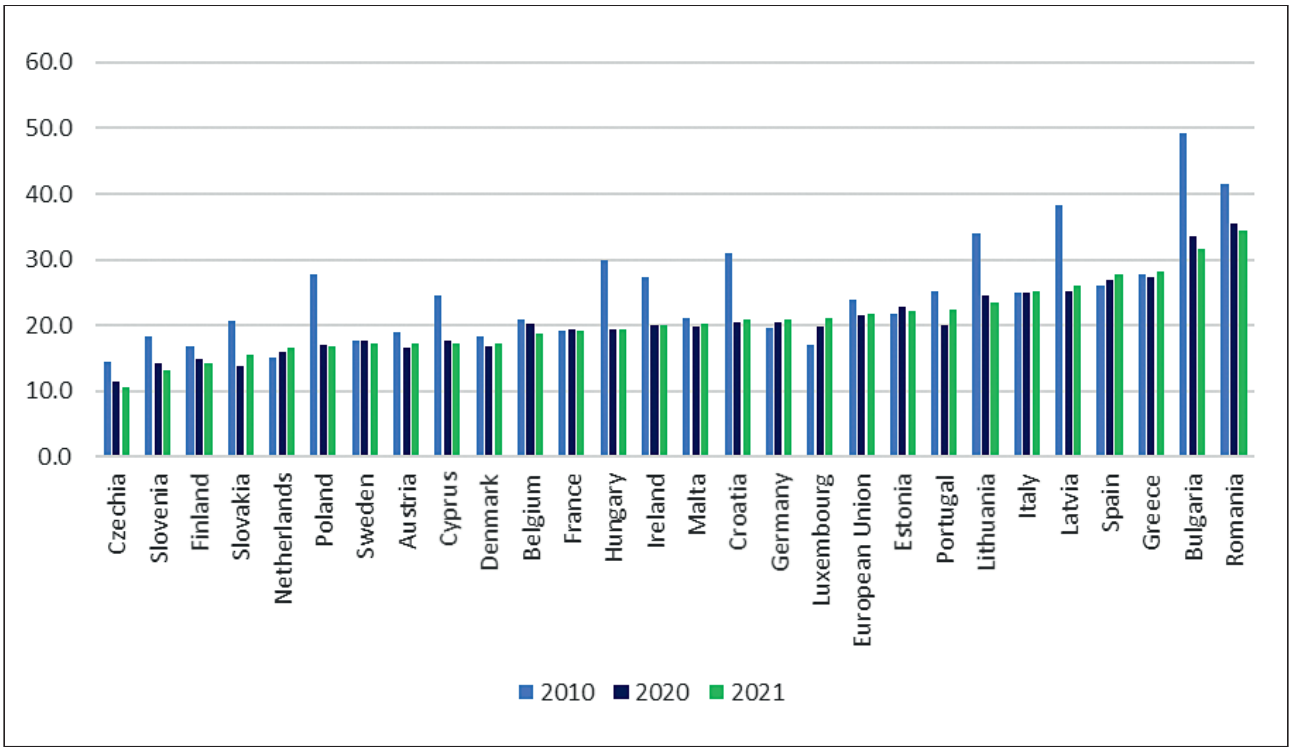
Part of this wider context includes the reality that some population groups (notably people with disabilities, people with a migrant background and ethnic minorities) are more vulnerable than others in terms of access to education, services and the labour market, which in turn has translated into poorer 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 (2022a) report monitoring progress towards the SDGs in an EU context suggests that 28.1 per cent of all people at risk of poverty or social exclusion were affected by more than one dimension of poverty in 2019 (looking at the three dimensions of poverty that the Europe 2020 Strategy measures - see above). In total, 5.9 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 2022a).

In 2021, 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 4 other countries (Greece, Spain, Latvia, Italy) the rate was over 25 per cent. The lowest rates were found in Czechia (10.7 per cent), Slovenia (13.2 percent) and Finland (14.2 per cent), followed by Slovakia (15.6 per cent). Thus, Czechia, Slovakia and Slovenia achieve a comparably high degree of prevention of poverty or social exclusion, despite only having average economic performance 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 23.5 percentage points between the country with the highest rate (Romania at 34.2 per cent) and that with the lowest (Czechia 10.7 per cent) (Eurostat, code: ilc_peps01n). See **Figure 1.**

Figure 1 People at Risk of Poverty or Social Exclusion (%), EU-27, 2010, 2020 and 2021



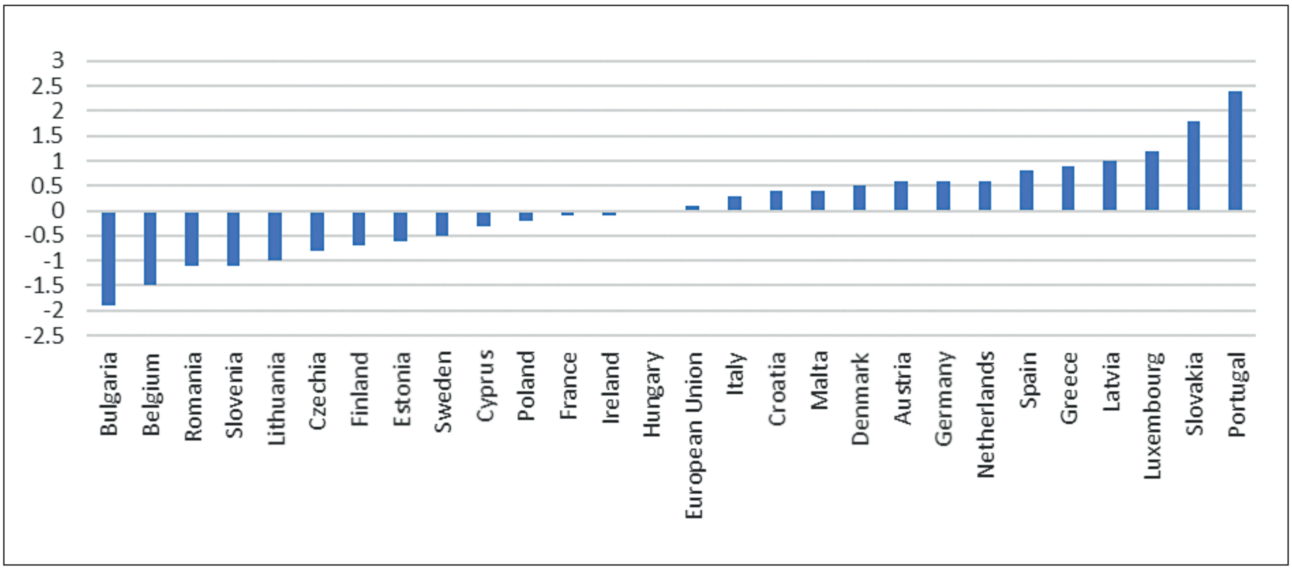
Source: Eurostat online database code: ilc_peps01n.
Note: EU average rate for 2010 relates to the EU27 (current composition).

Figure 2 illustrates the changes in the poverty or social exclusion rates amongst EU countries between 2020 and 2021. Disimprovements were observed in several countries including, notably, in some countries with traditionally relatively low rates such as the Netherlands, Austria andDenmark (Eurostat ilc_peps01n). The greatest improvements (between -1.5 and -2 percentage points) occurred in Belgium and in the newer accession state of Bulgaria.

Turning for a moment to the review that we referenced in **Section 1, Table 1**, earlier, 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 but one 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) and set out in **Table 1** 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. Since 2020 however, the latter again has fallen below the EU average for the first time 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 has made the *least* inroads into the overall policy agenda), it appears that in 2021 (consistent with prior years), 7 out of ten 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, Slovakia achieve rates of poverty or social exclusion lower than the EU-27 average.

Figure 2 At Risk of Poverty or Social Exclusion, EU-27, PP Change in Rate, 2020 to 2021



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 2021, 16.8 per cent of the population (EU-27) was living at risk of poverty (over 73.7 million people). The rate was marginally higher than the 2020 average rate (16.7 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 2021 rate was still higher than the 2010 rate and considerably more people were affected in 2021 than in 2010 (in 2010 the rate was 16.5 per cent, affecting 71.5 million people EU-27) (Eurostat online database, code ilc_li02). See **Table 3.**

There was a large divergence between member states with a 14.8 percentage point difference between the highest rate (Latvia, 23.4 per cent) and the lowest (Czechia, 8.6 per cent). See **Figure 3**.

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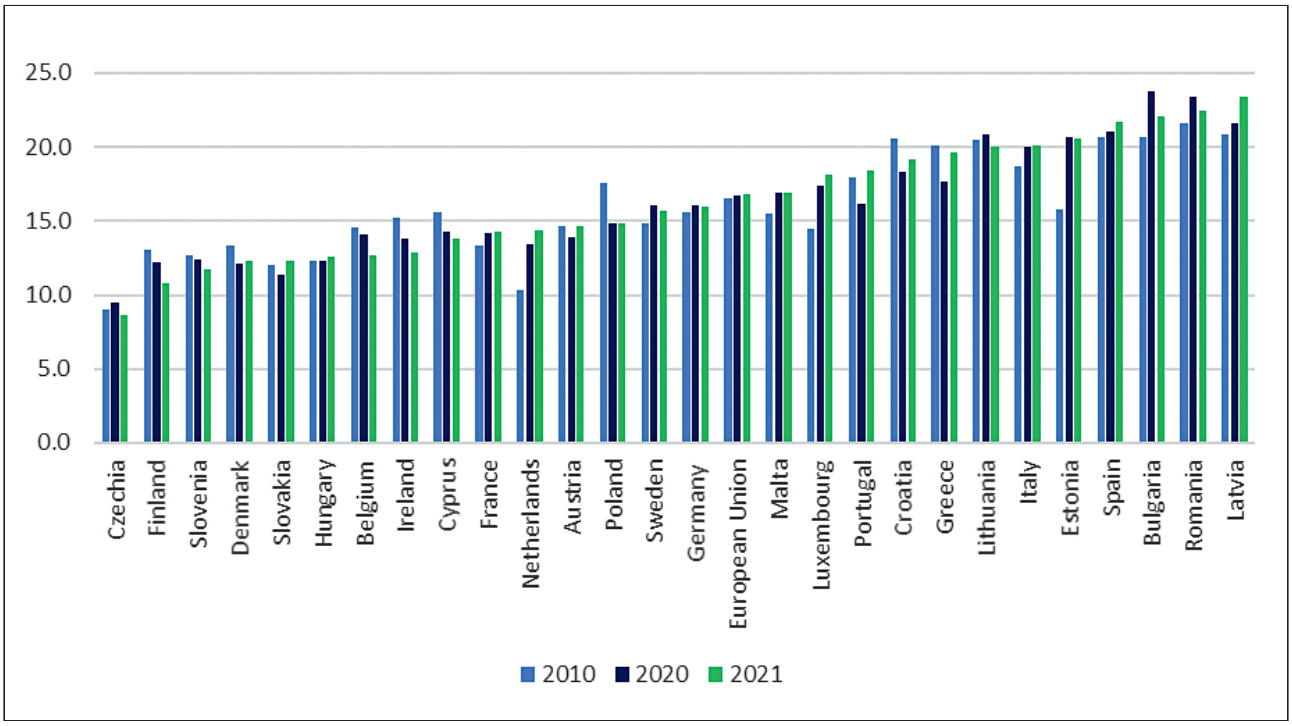
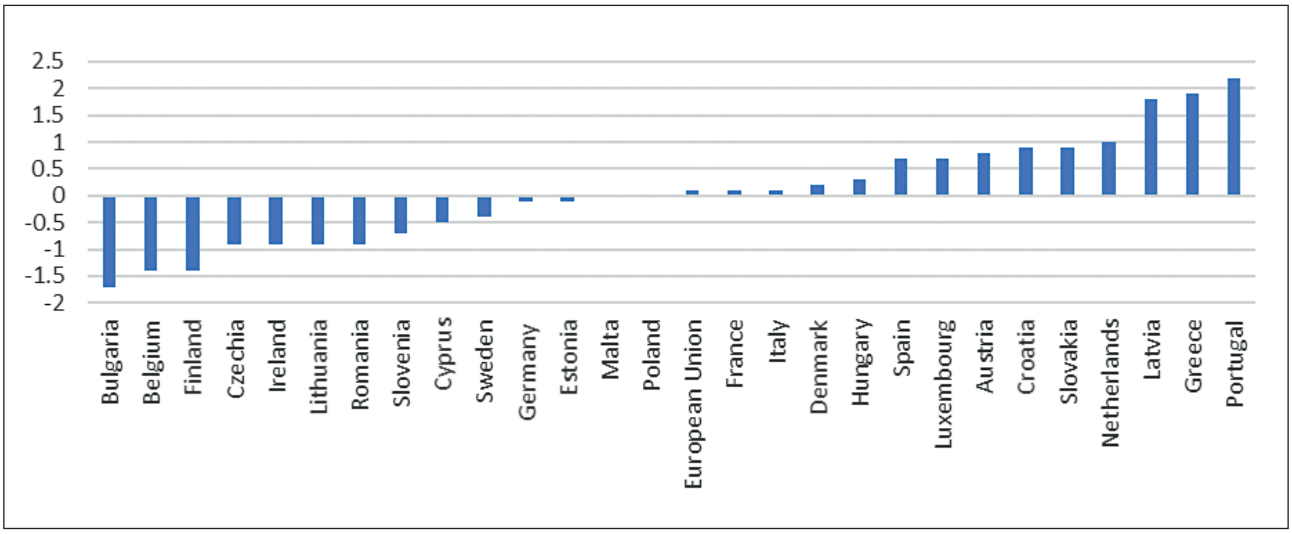
Figure 3 People at Risk of Poverty (%), EU-27, 2010, 2020 and 2021



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 2020 and 2021 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 Portugal (+2.2 percentage points), Greece (+1.9 percentage points), Latvia, Netherlands, Slovakia, Croatia, Austria, Luxembourg, Spain, Hungary, Denmark, Italy and France. The most significant decreases occurred in Bulgaria, Belgium and Finland (all improved by 1 percentage point or more).

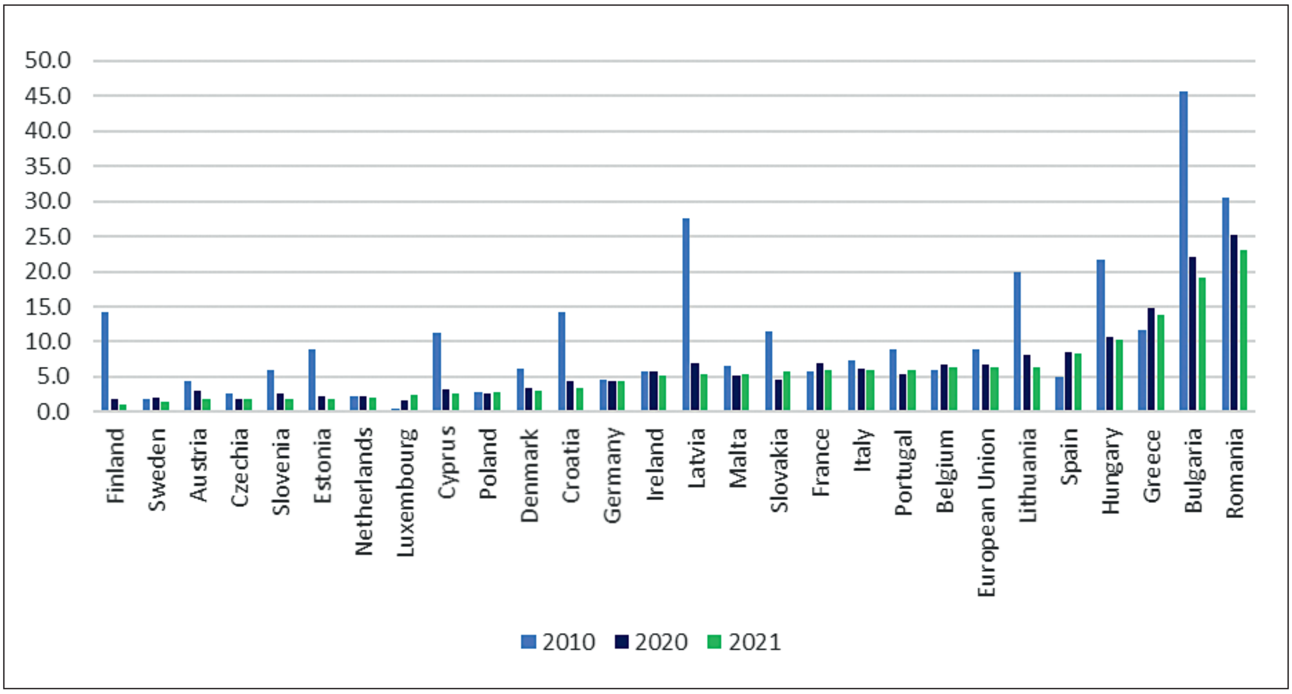
Figure 4 Risk of Poverty, EU-27, PP Change in Rate 2020 to 2021



Source: Eurostat online database code: ilc_li02.

We can also look at countries' performance on the risk of poverty indicator in light of how well they perform in relation to social investment and set out in **Table 1**, in **Section 1**. We find that with the exception of Germany, 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, Bouget *et al* 2015) 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 Bulgaria, Estonia, Greece, Italy, Latvia, Lithuania and Romania.)

Figure 5 Severe Material and Social Deprivation Rate (%), EU-27, 2010, 2020 and 2021



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

Severely 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 severe material and social deprivation was 6.3 per cent in 2021, down from a rate of 6.8 per cent in 2020. This markedly negative development has partly reversed improvements in recent years.

As **Figure 5** shows, there is a good deal of divergence across EU-27 in relation to severe 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 2021 were highest in Romania, Bulgaria, Greece and Hungary; lowest in Finland, Sweden, Austria and Czechia.

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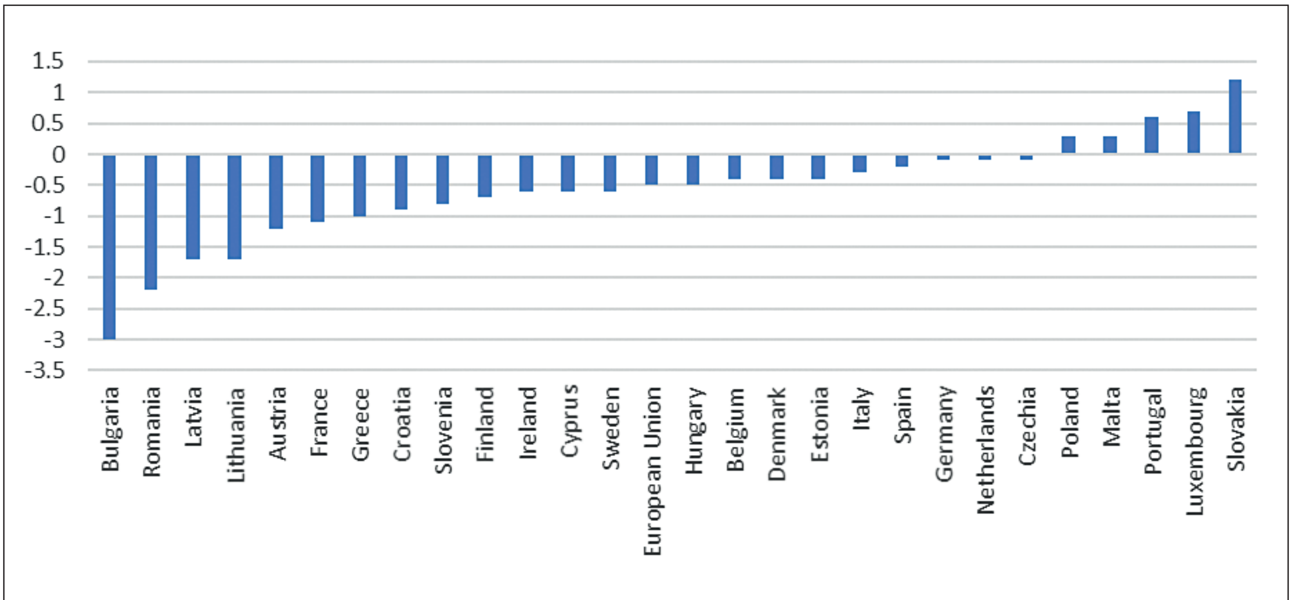
Figure 6 shows that the rate fell in the majority of member states (22 of 27) between 2020 and 2021. This is welcome. However, there was also deterioration in several countries including Luxembourg where rates have traditionally been relatively low.[4]

Figure 6 Severe Material and Social Deprivation, PP Change in Rate, 2020 to 2021



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 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 2008, something related to very great increases in unemployment. The 2021 rate was 9.4 per cent (up from 8.7 in 2020). The highest rates were found in Ireland, Greece and Belgium (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 nearly 19.6 million in 2021 or 24.4 per cent (EU-27 average) (Eurostat online database, code ilc_peps01n). The 2021 rate was worse than the 2020 average rate (24 per cent). This has partly offset progress since 2015, when the average rate (26.5 per cent, EU-27) remained the same as what 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.

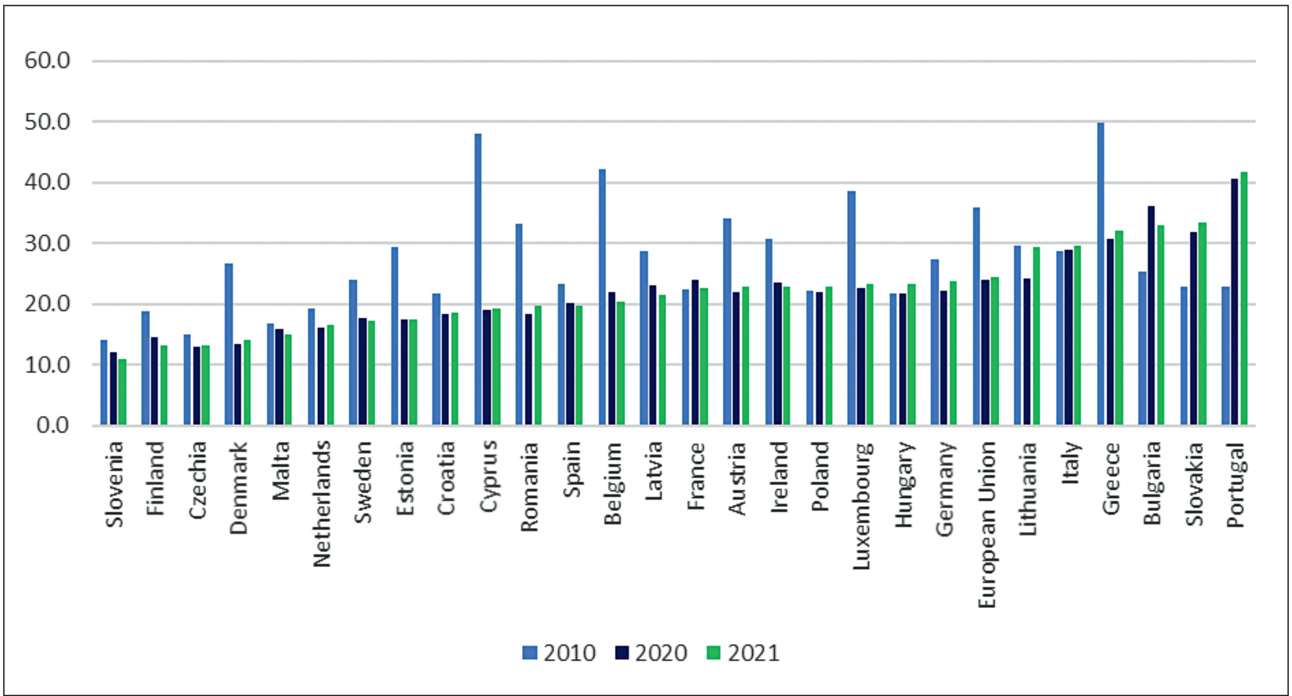
There is great divergence in the rates across the EU. The highest rates are in Portugal, Slovakia, Bulgaria

[4] 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

and Greece (2021). The lowest rates are in Slovenia, Finland, Czechia, Denmark, and Malta. 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 Portugal, Slovakia, Bulgaria and Greece followed by Italy (29.7 percent) and Lithuania (29.4 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, 2020 and 2021



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 2020 and 2021. The greatest disimprovements occurred in Lithuania (with an outsized increase of 5.2 percentage points) followed by Hungary, Slovakia, Germany and Romania. The country showing the greatest improvement was Bulgaria (which traditionally has a high rate).

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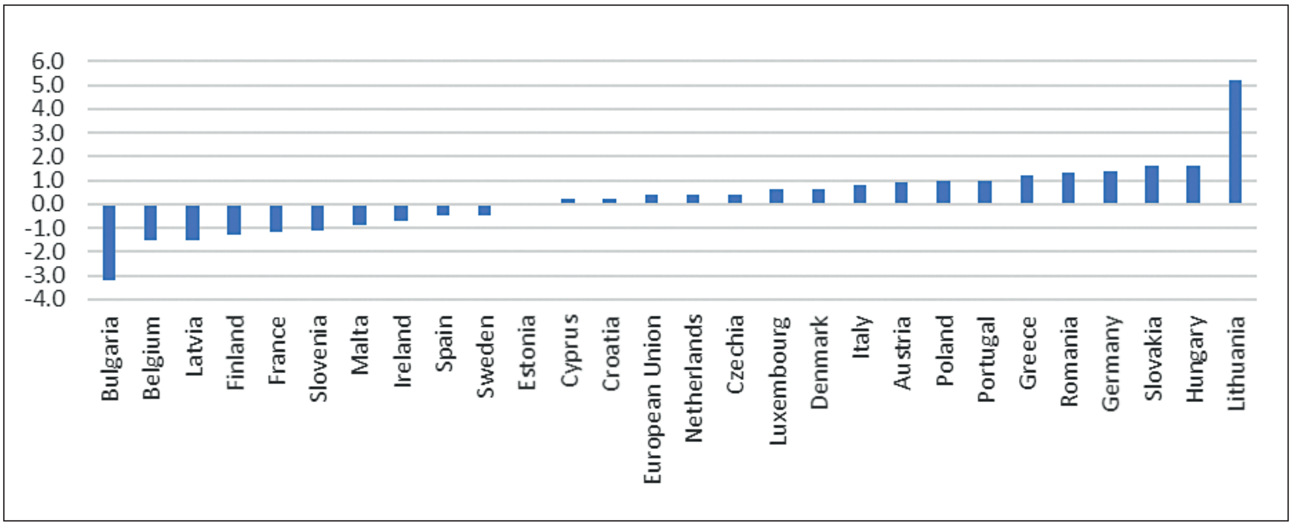
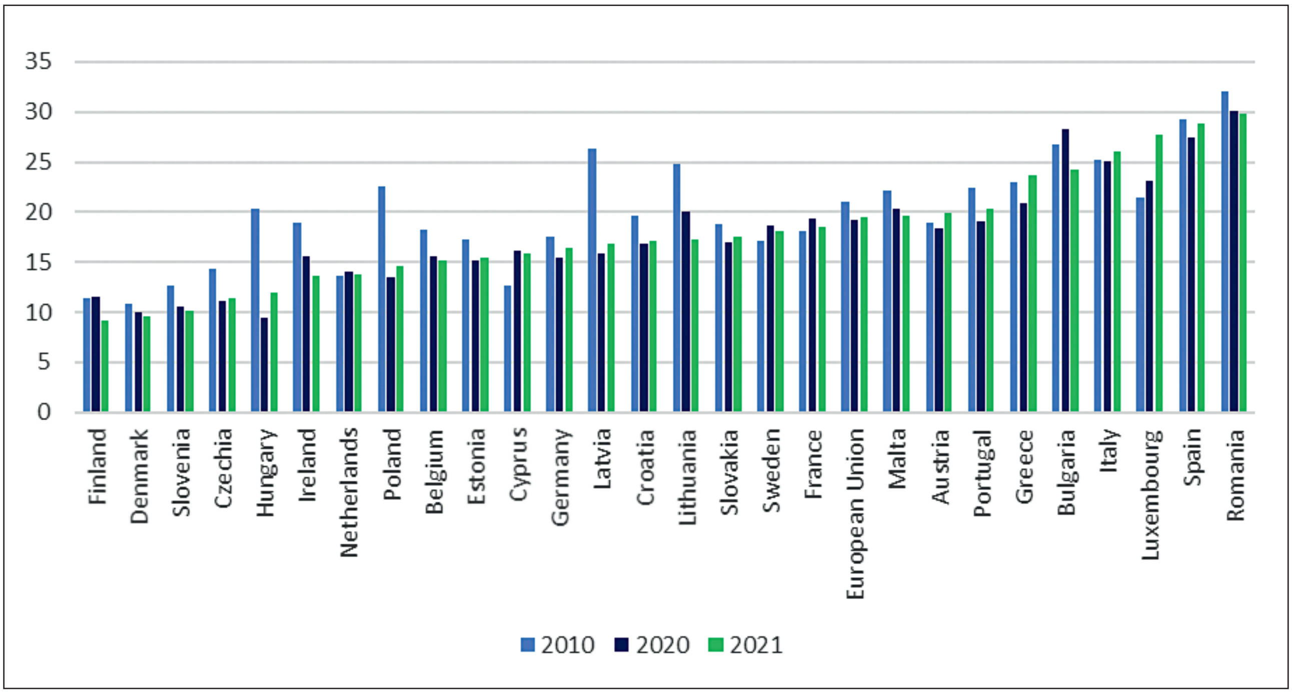
Figure 8 Children: Risk of Poverty or Social Exclusion, PP Change in Rate 2020 to 2021



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 15.7 million and the rate was 19.5 per cent (an increase on the 2020 rate of 19.2 per cent) (Eurostat online database, code ilc_li02). This means that close to one fifth of Europe's children are still living 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, 2020 and 2021



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

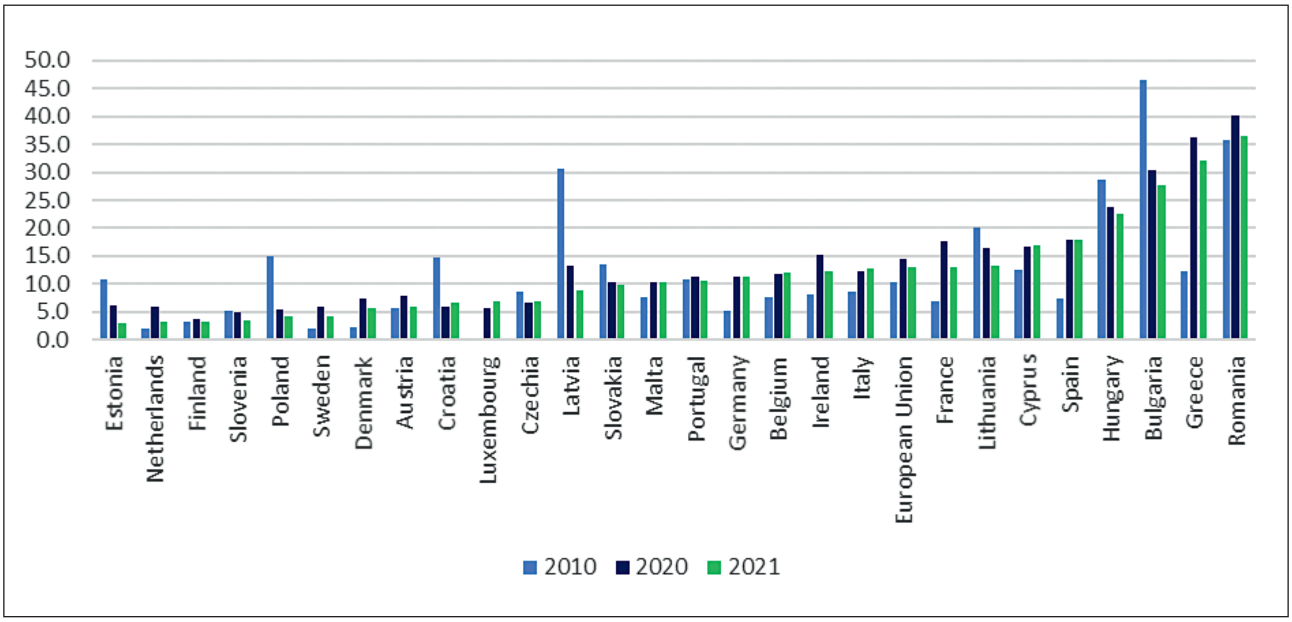
As **Figure 9** shows, in 2021, the rates were highest in Romania (29.8 per cent), Spain (28.9 per cent), Luxembourg (27.8 per cent), Italy (26 per cent) and Bulgaria (24.2 per cent) followed by Greece and Portugal. Rates were lowest in Finland, Denmark and Slovenia (all between 9 and 10.5 per cent). Again, there are large divergences between countries. The greatest improvements in risk of poverty amongst children occurred (2020-2021) in Bulgaria followed by Finland and Lithuania. The greatest disimprovements occurred in the Luxembourg, Greece and Hungary.

As the European Commission (2020a) 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, UK, Poland, Germany, Austria and Slovenia).

As we discussed in the previous report in this series, childhood **severe material and social deprivation** (experiencing a severe lack of resources) worsened in most member states following 2008. By 2021, the average rate was 12.9 per cent, a significant fall from the 2014 rate of 23.3 per cent) (Eurostat online database, code ilc_mdsd07). The newer accession countries and some southern European countries tend to have the highest rates. In 2021 Romania (36.4 per cent) had the highest rate – although there have been significant reductions in the rate in recent years. Romania was followed by Greece (32.2 per cent) and Bulgaria (27.7 per cent). While the rates in some countries (notably, Bulgaria and Latvia) are considerably lower than in 2010, there remains a very striking increase in the rate in Greece, Spain, Cyprus, Spain and Italy compared to 2010.

By contrast, this indicator conveys a very different picture for many other countries. For example, low rates are in evidence in Estonia, Netherlands, Finland, Slovenia, Poland, Denmark, Sweden and Denmark (all with rates below 4.5 per cent). See **Figure 10**.

Figure 10 Children (u18): Severe Material and Social Deprivation (%) 2010, 2020, 2021



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

Focusing on changes between 2020 and 2021, the rate decreased in the majority member states (18 of the EU27) but has increased or remained the same in the remainder, marking a slow down in progress relative to recent years. The greatest improvement has occurred in France (-4.7 percentage points) followed by Latvia (-4.4 percentage points) and Greece (-4.1 percentage points). But the rate increased in some countries, notably Luxembourg, Croatia and Italy (all of whom registered increases of between 0.5 and 1.5 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 recognizes 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).

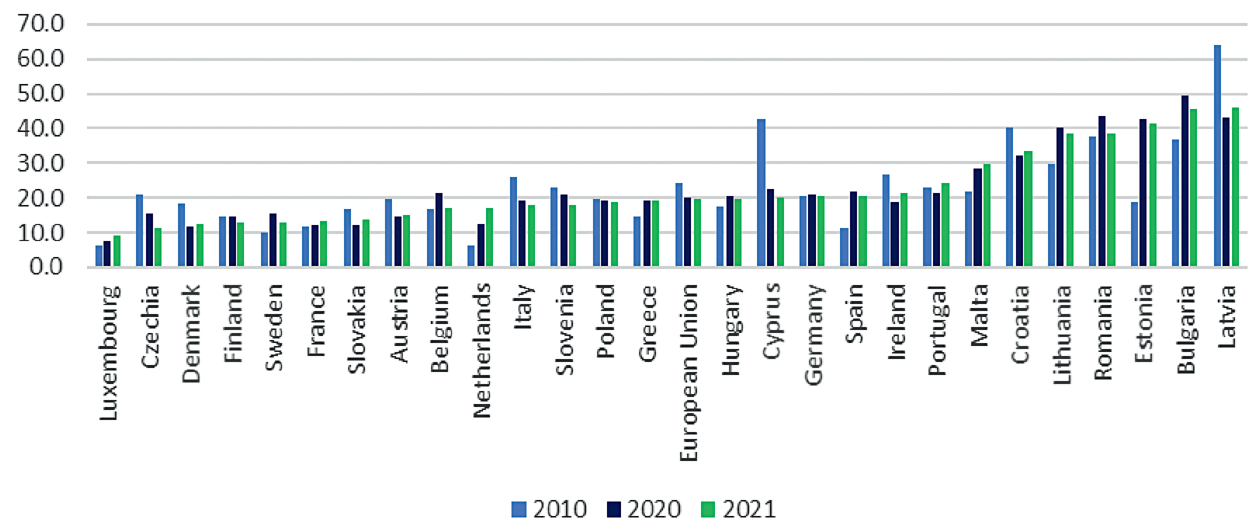
The EU's Social Protection Committee (2020) notes that access to affordable quality early childhood education and care, along with well-designed work-life balance policies, is key to improve children's life prospects, while at the same time supporting the labour market participation of their parents, 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 19.5 per cent in 2021 (representing 17.7 million people). This marked a slight reduction on the 2020 rate (20.1 per cent), significant in the context of the Covid-19 pandemic and measures adopted to combat it in 2020 and 2021. The rate was higher for those aged 75+ (20.8 per cent), also marginally lower (-0.5 per cent) than in 2020 (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 22.1 per cent (representing 11.3 million people), whereas for men it was 16.2 per cent (representing 6.4 million people) (2021). The rate for women aged 75+ is even higher at 23.8 per cent (5.9 million people), whereas that for men aged 75+ is 16.5 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 Latvia, Bulgaria and Estonia (all with rates over 40 per cent) and also Romania, Lithuania and Croatia (over 30 per cent) (2021). The lowest rates in 2021 were found in Luxembourg (with a rate of 9.8 per cent), Czechia, Denmark, Finland and Sweden (each with rates under 14 per cent). Between 2020 and 2021, the largest increases in this rate occurred in the Netherlands (+4.8 percentage points), Portugal and Latvia (both +2.8 percentage points), and Ireland (+2.5 percentage points). Romania, Belgium, Czechia, Bulgaria and Slovenia had the greatest decreases (at or more than 2.5 percentage points).

Figure 11 Older People: Poverty or Social Exclusion Rate (%), EU-27, 2010, 2020 and 2021



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 2021 average rate for those aged 65+ was 16.8 per cent or almost 15.2 million people (EU-27). This is slightly down from a rate of 17.1 per cent affecting some 15.3 million people in 2020 (Eurostat ilc_li02). This fall breaks a trend of increasing rates since 2014 (when it had been 13.2 per cent affecting 10.6 million people) (Eurostat ilc_li02). Thus, approximately 4.6 million more older people are experiencing income poverty in Europe in 2021 than in 2014.

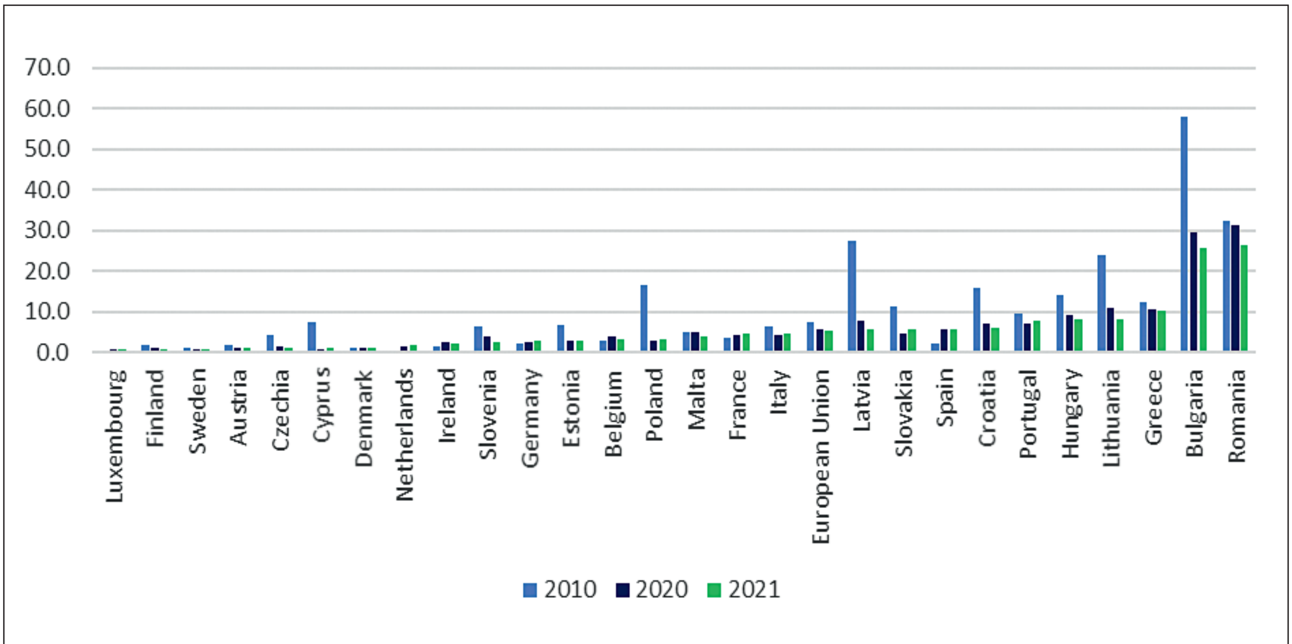
The highest rates (65+) occurred in 2021 in some of the newer accession countries of Latvia (44.6 per cent), Estonia (40.6 per cent), Lithuania and Bulgaria. The lowest rates were seen in Luxembourg (9.1 per cent), Slovakia, Czechia, and France (each under 11 per cent) (Eurostat online database ilc_li02). 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 (9.8 million women) than men (5.4 million) (2021).

The average **severe material and social deprivation** rate for this age group was 5.3 per cent representing approximately 4.7 million people aged 65+ (EU-27) in 2021 (Eurostat online database, code ilc_mdsd11). The rate fell marginally from that of 2020 (5.6 per cent) and the numbers affected had also slightly decreased (from around 4.8 million in 2020 to 4.7

million in 2021). 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 25.7 percentage points difference between the country with the highest rate, Bulgaria (26.3 per cent), and those with the lowest, Luxembourg, Finland 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 (26.3 per cent) and Romania (25.7 per cent).

Figure 12 Older People: Severe Material and Social Deprivation Rate (%), 2010, 2020 and 2021



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

The rate is also high in Greece (10.3 per cent) though there has been a welcome decrease (from 10.6 per cent) between 2020 and 2021. 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 2008. 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.

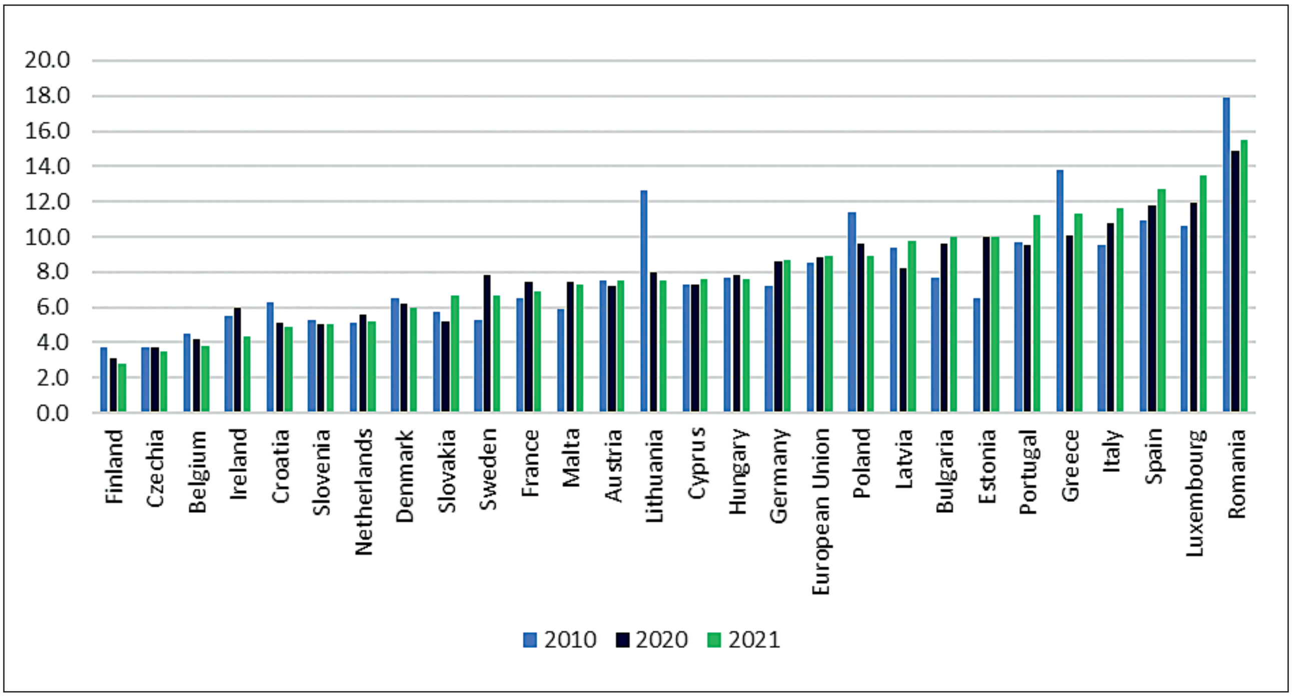
Overall, while this indicator shows welcome improvements, increases in the average rate occurred in several member states between 2020 and 2021, most notably in Slovakia where there was an increase of 1.2 percentage in the year. The Netherlands and Portugal showed the next biggest increase (+0.4 and +0.9 per cent respectively). 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 2021, 8.9 per cent of employed people (aged 18+) were living under the poverty threshold (EU-27) and it has been at similar levels since 2014 (Eurostat

Online database, code ilc_iw01). The average rate has increased since 2008, when it had been 8.6 per cent. The highest rates in 2021 occurred in Romania (15.5 per cent), Luxembourg (13.5 per cent), Spain (12.7 per cent), and Italy (11.6 per cent). The lowest rates occurred in Finland (2.8 per cent) and Czechia (3.5 per cent). See **Figure 13**.

Figure 13 In-Work Risk of Poverty Rate, EU-27, 2010, 2020 and 2021



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

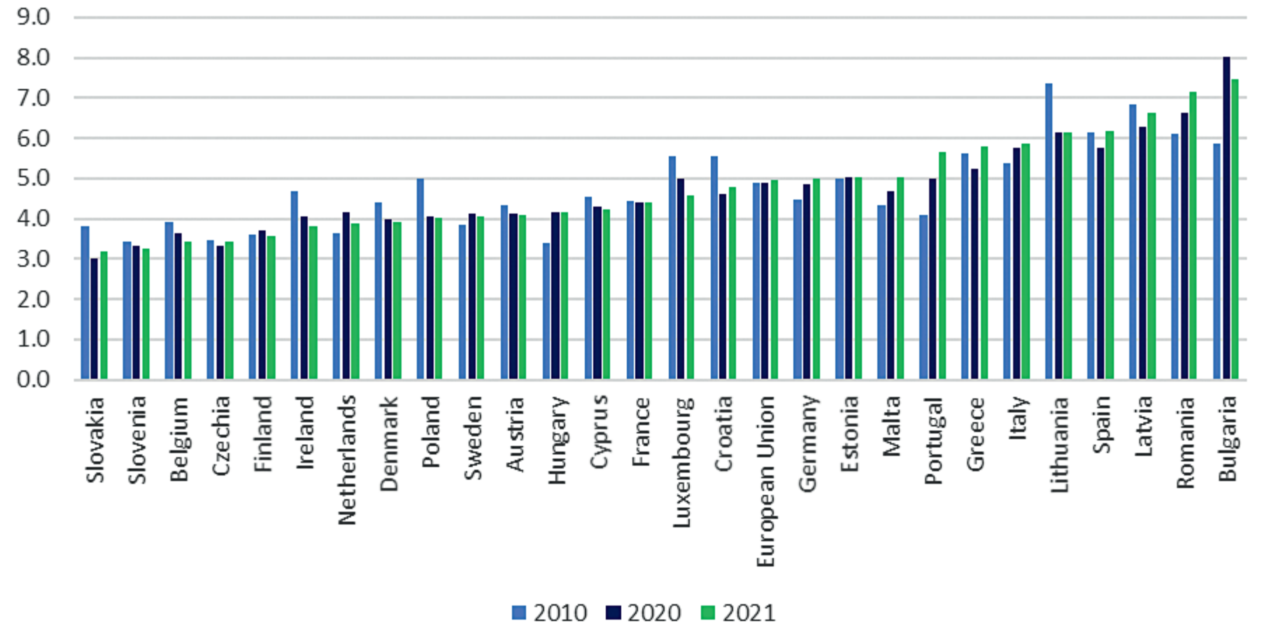
Inequality is about exclusion; exclusion from participating up to one's capabilities in the economic, social and political life of the community. It is widely agreed that economic prosperity alone will not achieve social progress and that high inequality levels leave much human potential unrealised as 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. The former International Monetary Fund (IMF) Managing Director Christine Lagarde (Lagarde 2018) has suggested that, at first glance, inequality does 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. She likewise highlighted that Europe's youth may be falling behind now for a range of reasons.

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 increase between 2020 and 2021 in average levels (as there had also been between 2019 and 2020) within EU-27 (Eurostat ilc_di12). The 2018 ratio was 30.9 (it had been 30.6 in 2017). The countries with the greatest income inequality (according to the GINI coefficient) in 2021 were Bulgaria, Latvia, Lithuania, Romania and Spain. Those with the lowest included Slovakia, Slovenia, Belgium and Czechia. Portugal (+1.8 percentage points) followed by Latvia and Greece (both with +1 percentage points) were the countries showing the greatest increases between 2020 and 2021.

Figure 14 Income Inequality EU-27, S80/S20, 2010, 2020 and 2021



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), and increased from an identical rate (4.89) in 2020 to 4.97 in 2021 (EU-27). See **Figure 14**.

However, there are substantial differences between countries. In 2021, 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 and Romania the value was above 7. Between 2020 and 2021, the greatest increases in the ratio occurred in the Portugal, Latvia, Luxembourg and Slovakia (all from +1.5 to 2 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[5] minus social security contributions and income taxes payable by employees (Eurostat n.d.). This means it represents income available to individuals and 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[6].

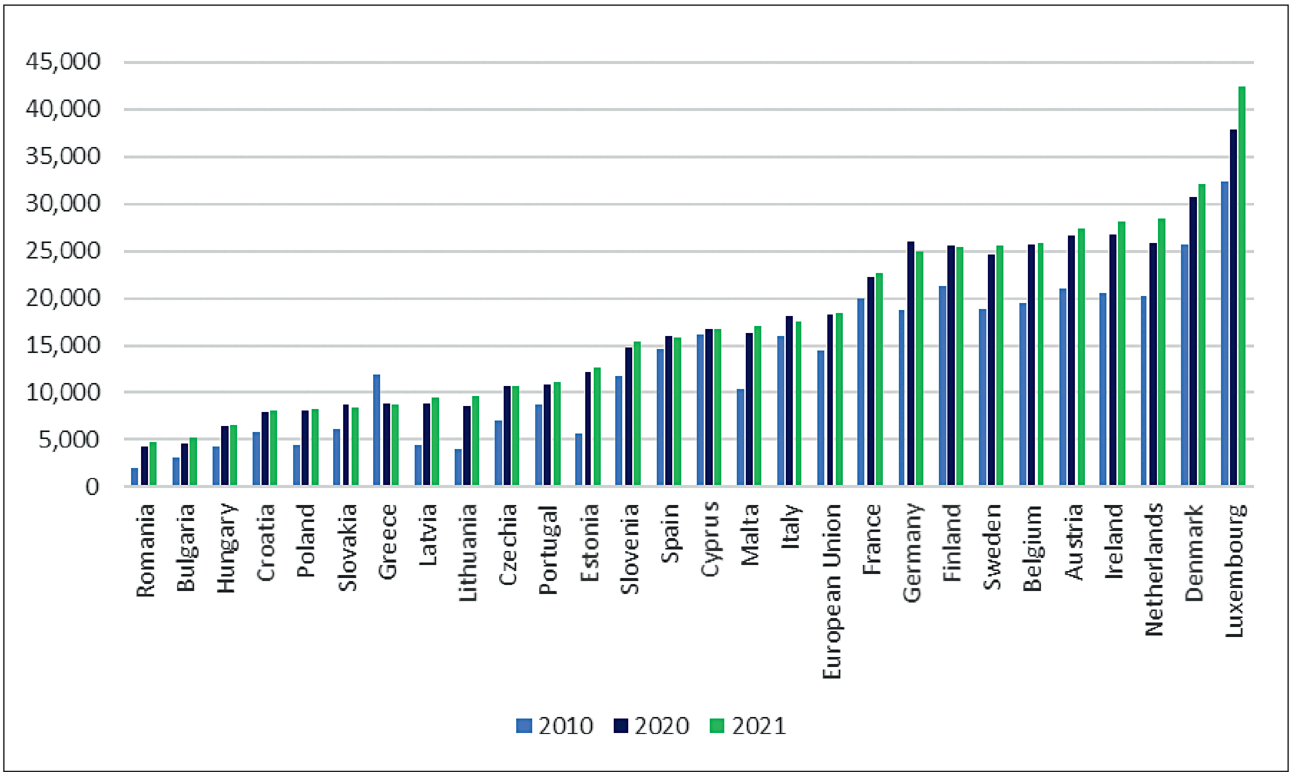
We will look at the median income value, which involves dividing a population into two equal-sized groups: exactly 50 per cent of people fall below that value and 50 per cent are above it, because the average or mean household disposable income can be skewed by very high or very low incomes of a few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

See **Figure 15,** which shows that in 2021 the highest levels of disposable income occurred in Luxembourg, Denmark, the Netherlands, Ireland and Austria. The lowest in Romania, Bulgaria, Hungary and other newer accession members. There is also great variation in the levels between the highest countries and the lowest. For example, the 2021 figures in the top two countries, Luxembourg and Denmark, were €42,482 and €32,088, respectively; those in the countries with the lowest levels, Romania and Bulgaria, were €4,816 and €5,157 respectively (This means that half of the people of these countries are considered to have disposable incomes above those amounts and half below.)

5 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.

6 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.

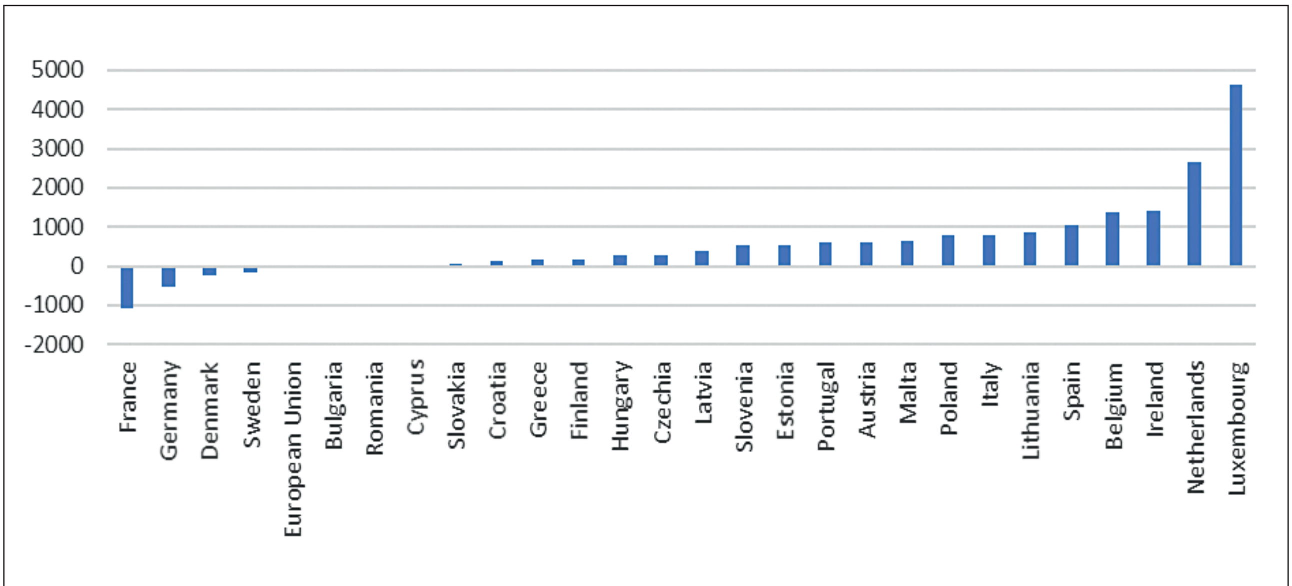
Figure 15 Median Disposable Annual Income (€): EU27, 2010, 2020 and 2021



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

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 2021, the median level for Greece (-€3,211) is still lower than what it was in 2010 (Eurostat ilc_di03). For changes between the latest years (2020 to 2021), see **Figure 16.** The majority of countries showed improvement during that period, with France, Germany and Denmark being the only countries in which a disimprovement was observed.

Figure 16 Change in Median Disposable Income (€), EU, 2020 to 2021



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. Notwithstanding the improvement in employment as economies began to recover from the impact of the Covid-19 pandemic, gross disposable household income (GDHI[7]) in the EU27 fell in real terms by -0.8 per cent in the year to Q2 2022 (European Commission 2023a).

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 severe material deprivation is higher in cities than in rural areas in most western countries of the EU (European Commission 2019a).

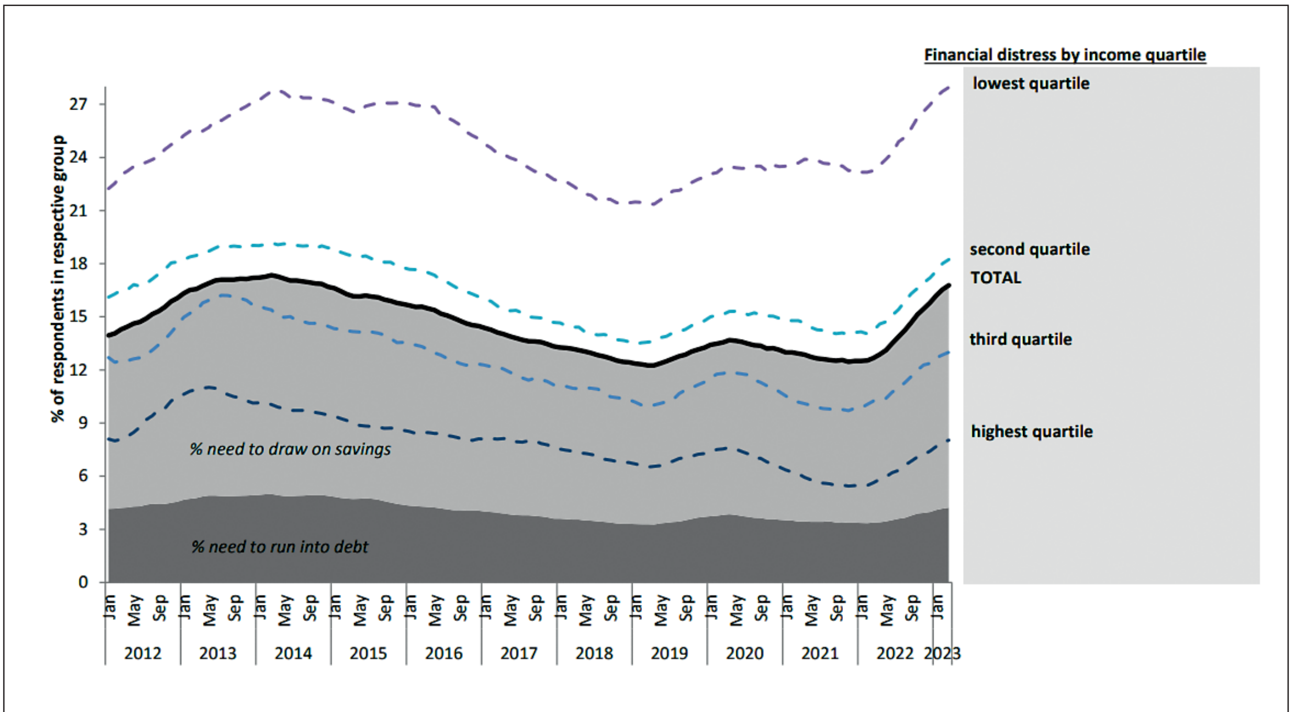
Financial distress of households (defined as the need to draw on savings or to run into debt to cover current expenditures and based on personal perceptions) is still running at high levels especially for lower-income groups. From its historical peak of nearly 17 per cent recorded in early 2014, this measure declined very slightly to 16.8 per cent of the overall population in February 2023 (European Commission 2022a). However, compared to March 2022, there are major differences across Member States and population groups. Reported

7 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

financial distress increased for those on the lowest incomes (lowest quartile) between March 2022 and February 2023, reaching 28 per cent with a year-on-year increase of +4.7pp. By comparison, for the wealthiest quartile financial distress stood at just 8 per cent. Increases of 4pp and 2.8pp were recorded for the second and third quartile of the population respectively.

See **Figure 17,** where rates are shown for household distress across income quartiles, 2012-2023. It shows how the greatest distress is being experienced by the lowest income quartile (or lowest 25 per cent) but also by the second quartile (lowest 50 per cent). In February 2023, it was recorded at 28 per cent for the lowest-income quartile and at 13 per cent for the second quartile.

Figure 17 Household Financial Distress (%) 2012-2023: Total, and by Income Quartiles



Source: European Commission (2022a, 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. While the risk of poverty or social exclusion rate has improved each year since 2012, the average rate still stands at 21.7 per cent in 2021 (EU-27) (that is, more than one in 5 Europeans) amounting to over 95.4 million people (Eurostat online database code ilc_peps01n).

The picture that emerges in the 2020-2021 period (2021 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 2021, 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 4 other countries (Greece, Spain, Latvia, Italy) the rate was over 25 per cent. The lowest rates were found in Czechia (10.7 per cent), followed by Slovenia, Finland and Slovakia. 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 23.8 percentage points between the country with the highest rate (Romania at 34.5 per cent) and that with the lowest (Czechia 10.7 per cent) (Eurostat, code: ilc_peps01n). Between 2020 and 2021, disimprovements in the poverty or social exclusion rates were observed in several countries including, notably, Portugal (+2.4 percentage points) and also in some countries with traditionally relatively low rates such as Luxembourg, the Netherlands, Germany and Austria. (Eurostat ilc_peps01n). The greatest improvements occurred in the newer accession states of Bulgaria, Romania, Slovenia and Lithuania.

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 three indicators that are used for the Europe 2020 strategy) than Nordic or central European countries.

Looking at the second indicator used in the Europe 2020 Strategy, the **risk of poverty rate**, a measure or relative income poverty, suggests that in 2021, 16.8 per cent of the population (EU-27) was living at risk of poverty (over 73.7 million people), an identical rate to that recorded in 2013. (Eurostat online database, code ilc_li02). Other indicators show patterns marginal improvement - the average EU-27 rate of **severe material and social deprivation** was 6.3 per cent in 2021, representing approximately 27.1 million people, down from a rate of 6.8 per cent in 2020 (and representing over 29 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 nearly 19.6 million in 2021 or 24.4 per cent (EU-27 average) (Eurostat online database, code ilc_peps01n). Levels of severe material deprivation have, fortunately, improved for children in recent years, but there are also some reasons for concern, because the rates still remain at very much higher levels than in 2010 in some countries (notably, Greece and Cyprus). 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 19.5 per cent in 2021 (representing 17.7m people). This was a slight decrease on the 2020 rate (20.1 per cent) and also represents a relatively large increase in numbers (approximately 341,000 less people). The rate was higher for those aged 75+ (20.8 per cent) and that rate too had increased in the year (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 16.8 per cent affecting almost 15.2 million people (EU-27), up from a rate of 17.1 per cent affecting some 15.3 million people in 2020 (Eurostat ilc_li02). The average **severe material and social deprivation** rate for this age group showed slight improvement during the year 2020-21 – falling to 5.3 per cent (representing approximately 4.7 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 2021, 8.9 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 similar to the levels seen in 2014 (9.1 per cent). (Eurostat Online database, code ilc_iw01). Thus, in 2021 almost 9 per cent 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 2021, 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 7.

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 (2020-2021), median disposable income has increased in all but seven Member States, levels for, especially, Greece and also Cyprus were still 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), 28 per cent of whom were classified as being in financial distress in February 2023 representing a year-on-year increase of 4.7 per cent.

Overall, it is clear that the impact of the Covid-19 pandemic has served to reverse recent improvements as evident across several metrics and key groups for the years 2019-2023. 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 2020 and 2021. 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**).

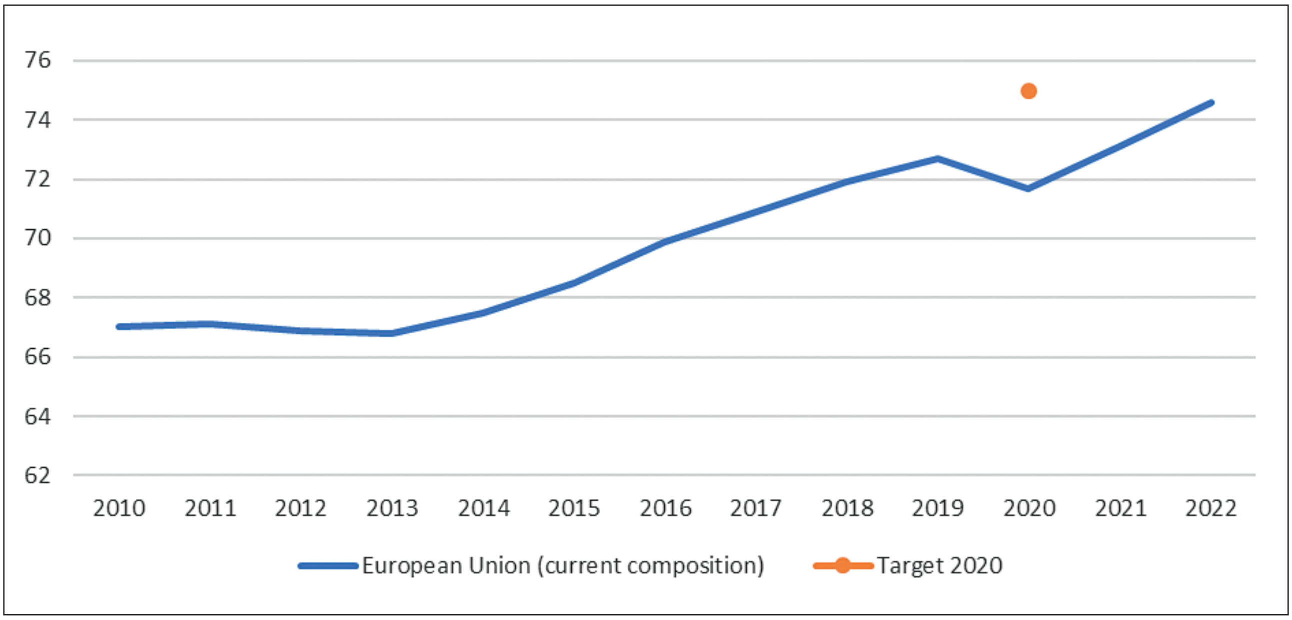
3.1 Employment

The Europe 2020 strategy set a headline target that 75 per cent of 20-64 year-olds would be employed by 2020. 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 2022 the average EU employment rate was 74.6 per cent (up from 73.1 in 2021). 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 2023 indicates that employment across the EU is now at its highest level since the beginning of the Eurostat series in 2000 (European Commission, 2023a). 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 levels and the ongoing recovery from Covid-19 between 2021 and 2022 while also contextualising these against the backdrop of employment trends over the past decade.

Figure 18 Employment in Europe (%), Ages 20-64, EU-27, 2010-2022

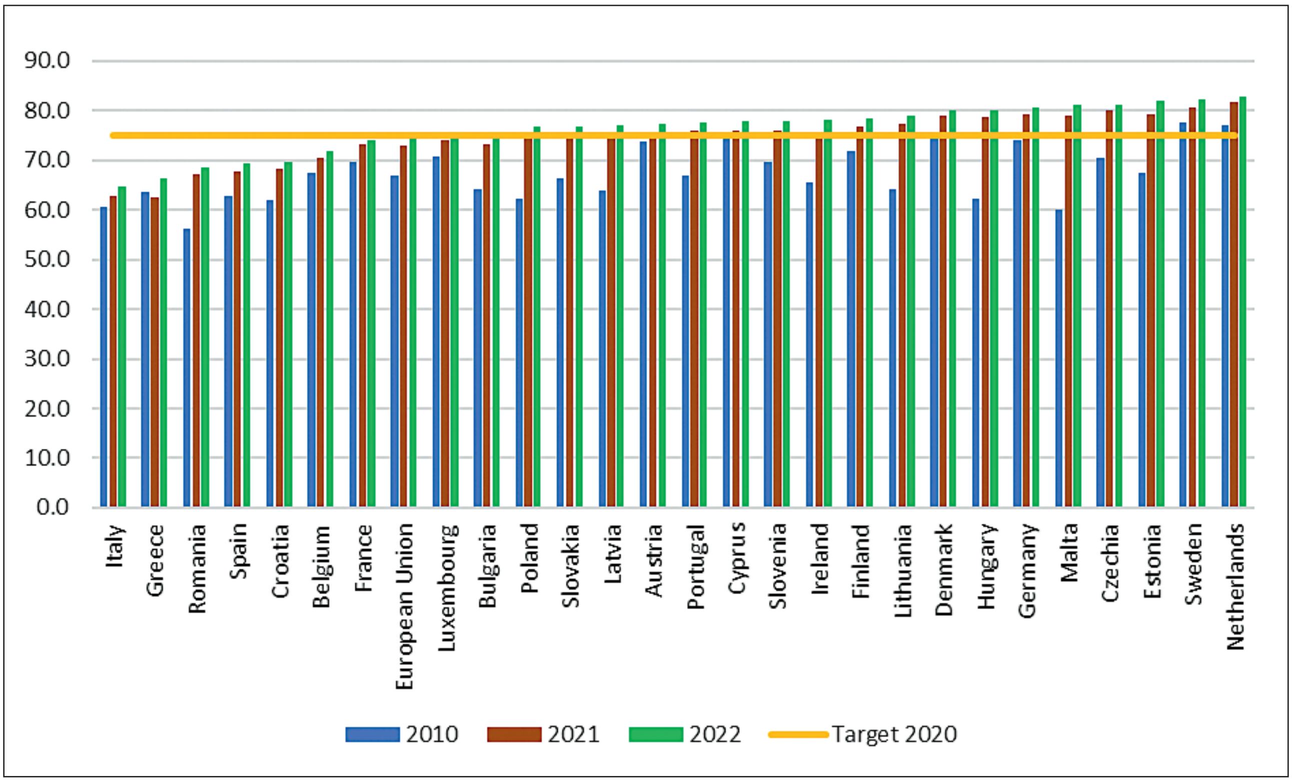


Source: Eurostat online database, code lfsi_emp_a.

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 (82.9 per cent in 2022), while Italy continues to have lowest (64.8 per cent in 2021), a 18.1 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. Nineteen 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 2022 were found in Italy, Greece, Romania, Spain and Croatia.

Some countries still have just exceeded their 2010 employment rate in 2022, as is very notable in the case of Greece (where the 2022 rate is just 2.8 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, 2021 and 2022



Source: Eurostat online database, code lfsi_emp_a. Line shows EU 2020 strategy target of 75 per cent.

In the final quarter of 2022 full-time employment increased by 1.3 per cent compared with the same quarter of the previous year while part-time employment remained stable at 17.6% (European Commission, 2021a). When we look at demographic sub-groups, the EU employment rate varied across all population groups in the final quarter of 2022, increasing for those aged 15-24 (+1.1 percentage points) and 25-54 (+0.5 percentage points) while the greatest increase effected the youngest cohort aged 55-64 (+1.5 percentage points) when compared with the same quarter of the previous year (European Commission 2021a). The employment rate decreased for low-skilled workers (-0.2 percentage points) compared with an increase for medium (+0.2 percentage points) and high skilled workers (+0.1 percentage points). This does not of course mean that there are not also 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. 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 employment, temporary employment has also 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 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 and hospitality and construction – both sectors with above-average pre-pandemic levels of contract insecurity – reporting increases of over 50 per cent. (Eurofound, 2021c; Employment and Social Affairs Committee, 2016). 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). This stabilisation has only been made possible through 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 have fed into the differential regional impact of lockdowns. In particular, this has 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.

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.

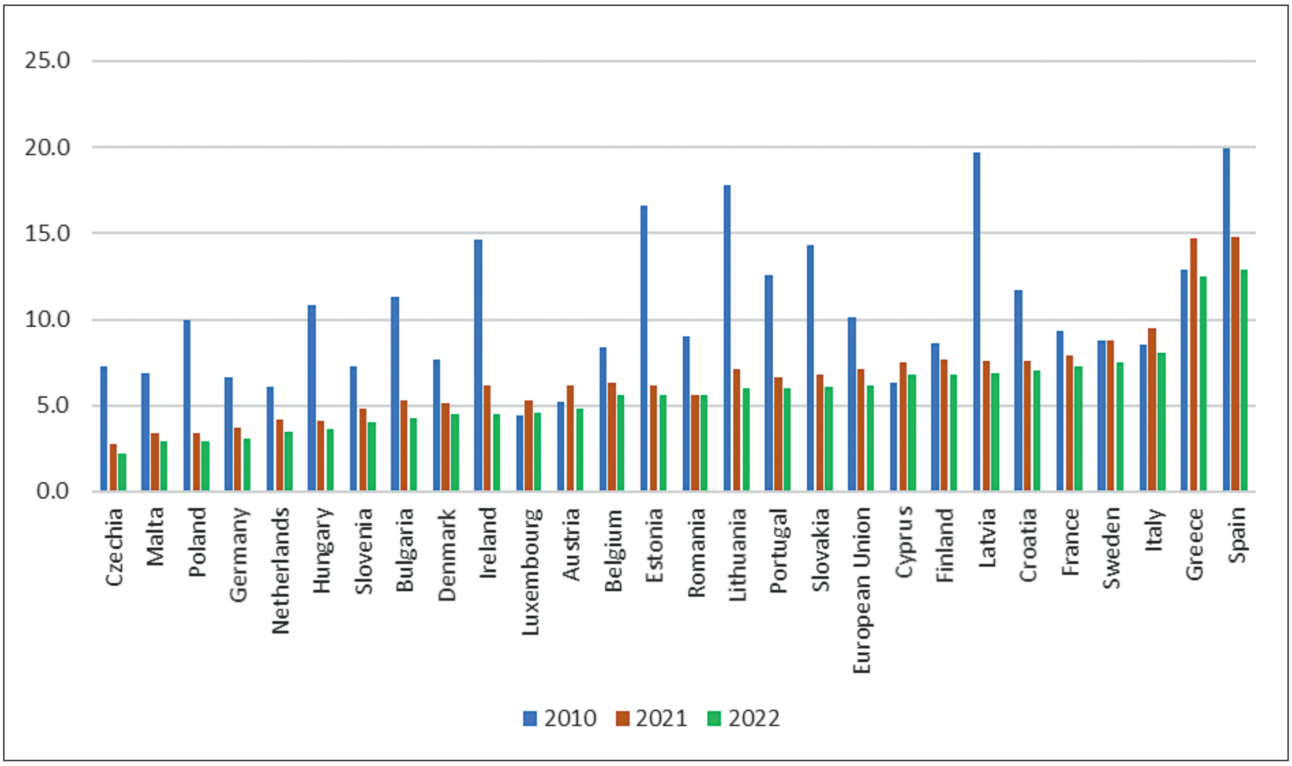
In 2022, the annual unemployment rate (EU-27) was 6.2 per cent, down from 7.1 per cent in 2021 (Eurostat une_rt_a). The unemployed represented some 13.3 million people (EU-27), greatly reduced on the 2013 figure, when unemployment peaked at 24.03 million (Eurostat une_rt_a).

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 2022. The countries with the highest rates in 2022 were Spain (12.9 per cent), Greece (12.5 per cent), and Italy (8.1). Those with the lowest rates were Czechia, Poland, Malta and Germany (all with rates under 4 per cent).

We can also see from **Figure 20** how in some countries (notably in Spain, but also in Cyprus Greece, Austria and Luxembourg) unemployment levels remain higher than in 2010 levels.

Figure 20 Unemployment (% active population), EU-27, 2010, 2021 and 2022



Source: Eurostat online database une_rt_a

As we prepare this report in 2023, the trend for unemployment to improve as part of a wider post-Covid recovery is continuing with a rate of 6.1 per cent reached in February 2023 (Eurostat, ei_lmhr_m). Comparing 2021 with 2022, the largest reduction was registered in Greece (-2.2 percentage points), albeit from a position of having the second highest unemployment rate (14.7 per cent) among the EU27 in 2021.

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 2.9 per cent of the labour force in the final quarter of 2022 (European Commission, 2023a). This rate decreased by 0.3 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 (-0.2 percentage points) to 2.5 per cent over the same period. But the rate of those 'Seeking but not available for work' remained stable at 0.8 per cent of the labour force on a year-by-year basis to the final quarter of 2022.

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 risen by 0.4 percentage points in the year up to the final quarter of 2022 (at 2.2 per cent) and long-term unemployment continues to affect about 4.8 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 2.8 million people (Q4, 2022), up 0.2 percentage points compared 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 rose in 2022 from 41.4 per cent (Q4 2021) to 36.9 (Q4 2022), a decrease of 4.5 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.

Greece, Italy and Bulgaria had the highest shares of long-term unemployment in quarter 4, 2022. The share was particularly striking for Greece (64.5 per cent) and, not only had it increased by 5.1 per cent since Q1 2022, but it is also 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 (7.1 per cent) followed by the Netherlands and Finland. 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 2022 the EU employment rate increased for people of all ages compared with the final quarter of 2021 (European Commission, 2023a). This is a welcome development, yet concerns remain regarding the implications of older age unemployment as more likely to led 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).

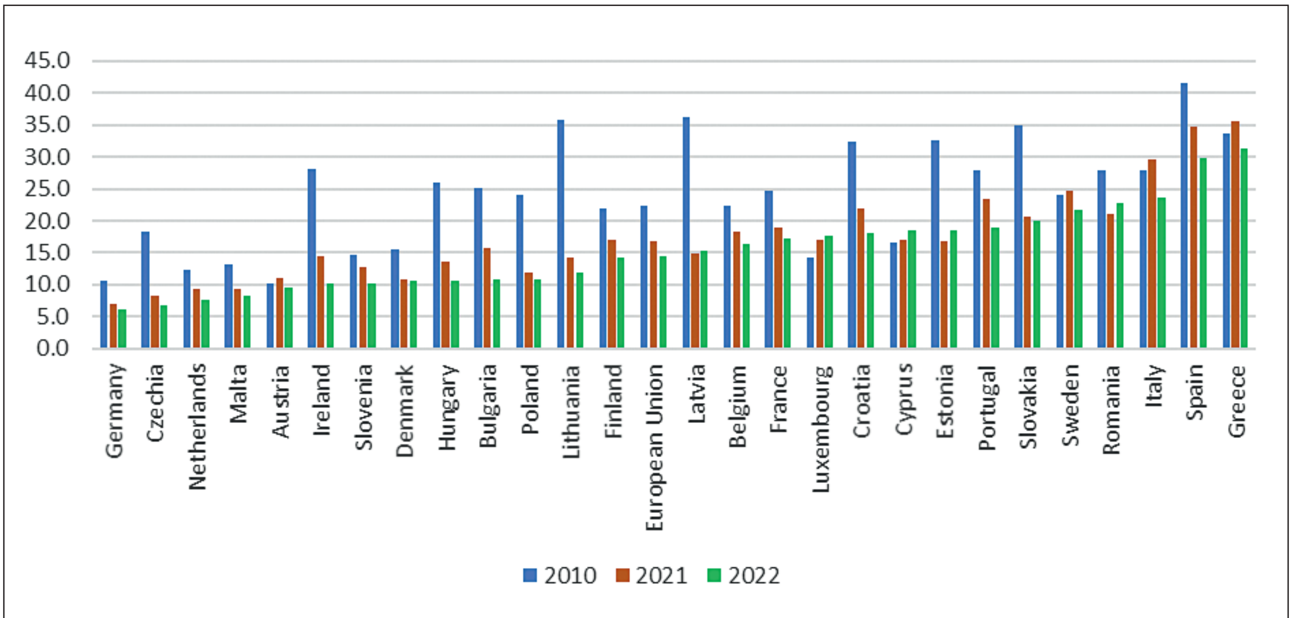
We turn next to the situation of young people who remain one of the most vulnerable groups in the labour market.

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 4.9m people (of the active population (Eurostat online database une_rt_a). In 2022, the average EU-27 rate fell to 14.5 per cent (representing 2.75 million people) when compared with a rate of 16.7 for 2021 (representing 3.01 million), marking a welcome 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 2022 is also 7.9 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 (2022) were highest in Greece (31.4 per cent), Spain (29.8 per cent), and Italy (23.7 per cent) (Eurostat online database une_rt_a). By contrast, at the other end of the scale, the 2022 rate in Germany was 6 per cent and it was less than 10 per cent in four other countries (Czechia, the Netherlands, Malta and Austria).

Figure 21 Youth Unemployment (% of active population), EU-27, 2010, 2021 and 2022



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

In February 2023, youth unemployment stood at 14.5 per cent in the EU-27, 0.1 percentage points higher than in the same month of the previous year. This represents 100 thousand more unemployed people aged 15-24 over the past 12 months. In 2022 Greece was the country with the highest level of youth unemployment (31.4 per cent) followed by Spain (29.8 per cent) and Italy (23.7 per cent). A year-on-year increase was recorded in six EU Member State, with the highest occurring in Estonia (1.9pp), Romania (1.8pp) and Cyprus (1.5pp). (Eurostat, une_rt_a).

In a report into 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 three times greater risk 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 11.7 per cent in the third quarter of 2022, which was higher than in the same period one year earlier (0.2 per cent) but lower than the peak of 16.1 per cent recorded in 2013 (Eurostat edat_lfse_20). The 2022 NEET rate (ages 15-29) was highest in Italy at 20.8 per cent followed by Romania (20.3 per cent), Greece (17.4) and Bulgaria (16.5 per cent). This means that in Italy and Romania, for example, one in 5 young people is in this situation.

At the other end of the scale, the countries with the lowest rates were the Netherlands (5.4 per cent), Sweden and Luxembourg. While a slight increase in the NEETs rate was recorded in between 2021 and 2022 in Slovenia (+0.4 pp), Finland (+0.4 pp) and the Netherlands (+0.1 pp), there were decreases in every other EU-27 Member State.

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 2022 was 15.7 per cent (4.5 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 within 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 pandemic 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 crisis, their well-being is also likely to be 'superseded' by measures intended to curb Covid's impact in the short term. (OECD, 2020c).

3.4 Employment - Summary and Conclusions

The World Health Organisation's announcement (5 May 2023) that Covid-19 is no longer a 'global public health emergency' has followed the cessation of most formal recovery measures fostered in the EU and elsewhere. (World Trade Organisation, 2023a). In the context of Europe's ongoing post-pandemic recovery, the positive impact of emergency employment support measures has served to mitigate the effects of what the European Commission has described as 'an economic shock without precedent since the Great Depression' (European Commission, 2020b). As this report is being complied (May 2023), 75.6 per cent of the EU/EEA population has received at least one vaccine dose (covering 342.4m individuals), 54.8 per cent a first booster (248.1m individuals) and 14.3 per cent a second booster (64.6m individuals) (European Centre for Disease Prevention and Control, 2023). In this context, the effectiveness of 'booster' vaccination in dealing with new variants of Covid-19, improved worldwide supply of vaccines, and an improved global outlook have been cited as prominent factors fostering EU recovery.

The European Commission's latest economic forecast, issued on 15 May 2023, projects EU GDP to fall from the highs of 5.4 per cent and 3.5 per cent for 2020 and 2021 respectively to 1 per cent in 2023 and 1.7 per cent in 2024. (European Commission, 2023c). Drags on the pace of the EU's post-pandemic 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 lasting impact of a global pandemic as well as the ongoing war in Ukraine will continue to be profound, laying bare and accentuating structural disadvantages and deep-set inequalities. *It is thus vital that the path to recovery involves utilising positive economic momentum to deliver on new and more effective rights given many ongoing challenges and macro-level developments (such as automation, increasing precarity).*

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 2022 were found in Italy, Greece, and Romania (looking at ages 20-64). It is notable that Greece has just now exceeded a rate of employment last seen in 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 2022, the annual unemployment rate (EU-27) was 6.2 per cent (representing 13.3 million people) (Eurostat une_rt_a). The numbers concerned are considerably lower than the number of unemployed people in 2010 (20.7 million) but is now marginally below the pre-pandemic level recorded in 2019 of 14.5 million. (Eurostat une_rt_a). The countries with the highest rates in 2022 were Spain (12.9 per cent), Greece (12.5 per cent), and Italy (8.1). As of February 2023, the situation has continued to stabilise from the initial 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 2022 (to 2.2 per cent), but it still affects about 4.8 million people (Eurostat online database une_ltu_q; data not seasonally adjusted). Those unemployed for 2 years or more represented over 2.8 million people (Q4, 2022). The share of long-term unemployed as a percentage of total unemployment fell in 2022 from 41.4 per cent (Q1 2022) to 36.9 (Q4 2022), an decrease of 4.5 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. Greece, Italy and Bulgaria, had the highest shares of long-term unemployment at the end of 2022. The lowest ratios were found in Denmark followed by the Netherlands and Sweden.

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 2022, the average EU-27 rate decreased to 14.5 per cent (as a percentage of active population) from a 2021 rate of 16.7 (Eurostat online database une_rt_a) (European Commission, 2021a). Greece is currently the country with the highest youth unemployment rate (31.4 per cent), followed by Spain (39.8 per cent), and Italy (23.7 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 11.7 per cent in the third quarter of 2022, 0.2 per centage points lower than for the same period the previous year (Eurostat edat_lfse_20). The rate for the third quarter of 2022 was thus higher than the 2010 rate of 10.9 per cent (Eurostat edat_lfse_20). The 2022 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 NEETs 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 in the aftermath of Covid-19. The relative improvements of recent years and current momentum toward rebuilding a more resilient post-pandemic economy should lead to action 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 2** 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 stabilization 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.

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 Europe 2020 Strategy set the following targets in the field of education –

> Reducing early school leaving rate to below 10 per cent, and

> Completion of third level education by at least 40 per cent of 30-34 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 Sustainable Development Goal 4, 'Quality Education', the European Union seeks to ensure access to equitable and quality education through all stages of life, aim to increase the number of people with relevant skills for employment, decent jobs and entrepreneurship and envisage 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 Europe 2020 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[8].

The average early school leaving rate across Europe in 2022, the most recent year for which data is available, was 9.6 per cent. The 2022 rate was down marginally up the 2021 level of 9.8 per cent. While it has fallen significantly from 2010, when it was 14.8 per cent, it has not decreased to any 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 ensure the 2020 Target can be maintained. See **Figure 22.**

There are wide disparities between European countries when it comes to the rate of early school leaving. In 2022 the highest rates of early school leaving were to be found in Romania (15.6 per cent), Spain (13.9 per cent), Hungary (12.4 per cent) and Germany (12.2 per cent). There is still a very great gap between the countries with the highest rates (Malta, Spain and Romania), and that with the lowest rate, Croatia (with a rate of 2.3 per cent).

Comparing 2022 with 2011, the greatest improvements have occurred in Cyprus (-2.1 percentage points), Bulgaria (-1.7 percentage points) and Italy (-1.2 percentage points). There have been disimprovements in other countries, including some with traditionally relatively low rates such as Slovenia (+1 percentage points) and Greece (+0.9 percentage points). When we look back to 2010, there have been particularly notable decreases in the rate in countries with relatively very high levels such as Portugal (-22.3) and also in Spain and Malta (that is, 2010 to 2022).

Improvements in the rate of early school leaving are welcome. However, because its 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).

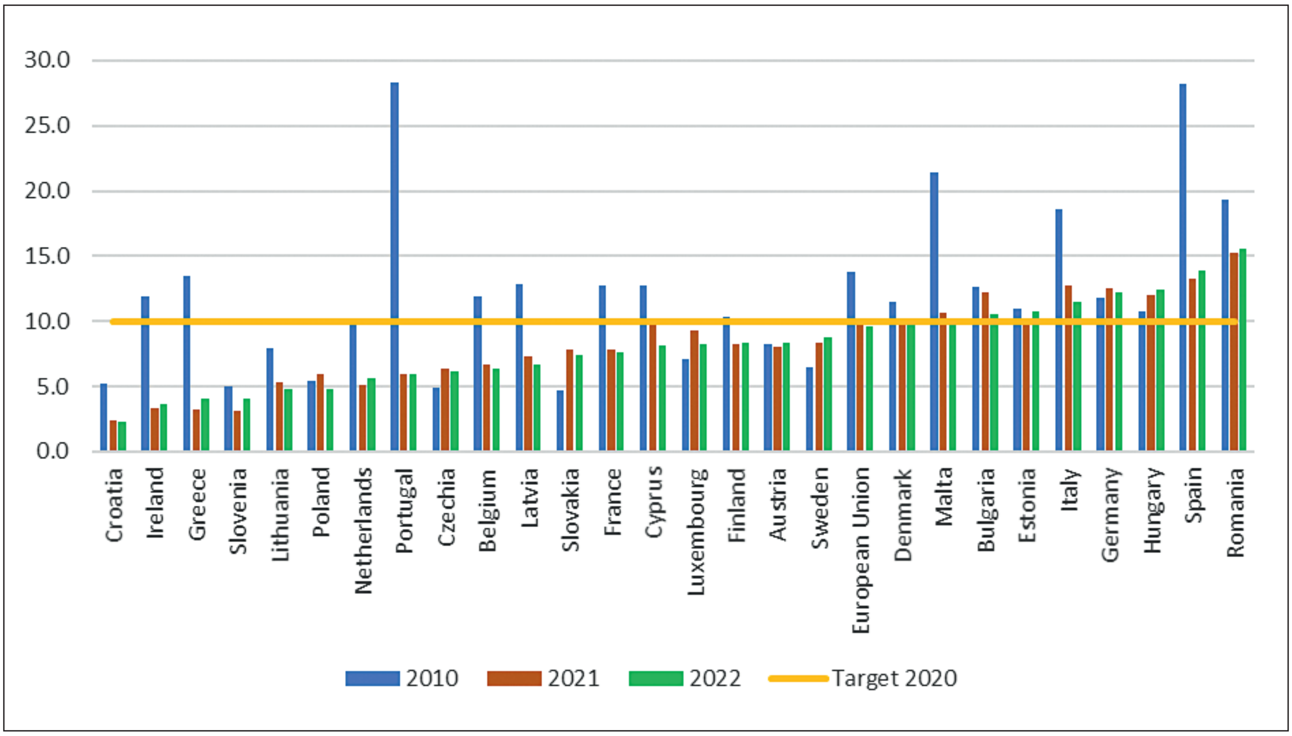
Furthermore, some groups such as disabled people are particularly vulnerable - the proportion of early school leavers among young disabled people is 23.6 per cent, which is much higher than the rate for non-disabled younger people (European Commission 2019a)[9]. Across the EU, rates of early leaving 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 minimize 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.

8 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)

9 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, 2021 and 2022



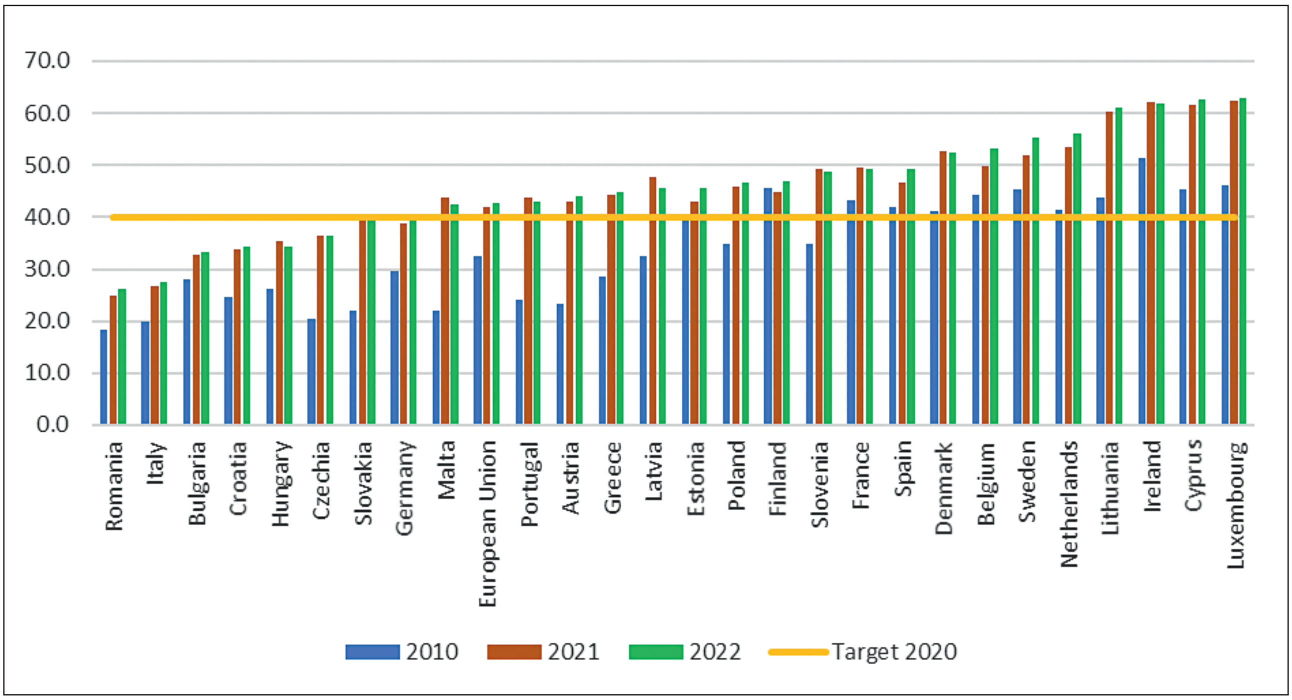
Source: Eurostat online database, edat_lfse_14. Line shows the <10 per cent target set in the Europe 2020 strategy

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 30-34 year-olds by 2020. In 2022, the EU-27 average was 42.8 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 Luxembourg, Cyprus, Ireland, Lithuania, the Netherlands, Sweden, Belgium and Denmark at the top of the league (all with rates at or over 50 per cent), and Romania (26.3 per cent), Italy (27.4) and Bulgaria (33.4) at the bottom. There is a 36.6 percentage point gap between the country with the highest rate (Luxembourg) and that with the lowest (Romania) (2022).

The average rate slightly improved between 2021 and 2022 (+0.9 percentage points). In six countries there was a disimprovement in the rate, amongst which were Latvia (-2.0 percentage points), Malta (-1.2 percentage points), Hungary (-1.1 percentage points) and Slovakia (-0.9 percentage points). But the rate improved in most other countries, with the greatest improvements (more than 3 percentage points) occurring in Sweden (+3.5 percentage points) and Belgium.

Figure 23 Tertiary Education Attainment (%), EU27, (ages 30-34) 2010, 2021 and 2022



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

In previous reports we have made the point that progress not only needs to continue to be made to address the Europe 2020 strategy targets in education, but also to manage problems that have emerged/worsened since 2010. For example, the results of the 2015 PISA[10] tests in maths, reading and science created alarm about the level of competence of 15-year-old Europeans (European Commission, 2018a). In all three (maths, reading and science), one in five pupils is a low achiever (2015). This was a step backwards compared to 2012 and the EU as a whole is seriously lagging behind in all three domains when it comes to progress towards the ET 2020 benchmark of less than 15 per cent of 15 year olds being low achievers (low achievers are students who have failed to reach level 2 of the PISA test) (Eurostat, 2018a). The latest round of results for 2018 round has a special focus on reading and show improvements for several EU countries, but the global trend shows Asian school systems such as China and Singapore getting the best results. Estonia, Finland Ireland, Poland and Sweden are the highest achieving European countries (OECD, 2021).

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 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 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

10 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/.

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 neither in education nor employment – or 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 that 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).

The EU also has a strategic framework for cooperation in education and training under which targets were set for 2020 - the Strategic Framework for European Union cooperation in Education and Training (known as 'ET 2020'). Amongst the targets which the ET 2020 framework set for 2020 are that an average of at least 15 per cent of adults (age group 25-64) should participate in lifelong learning.

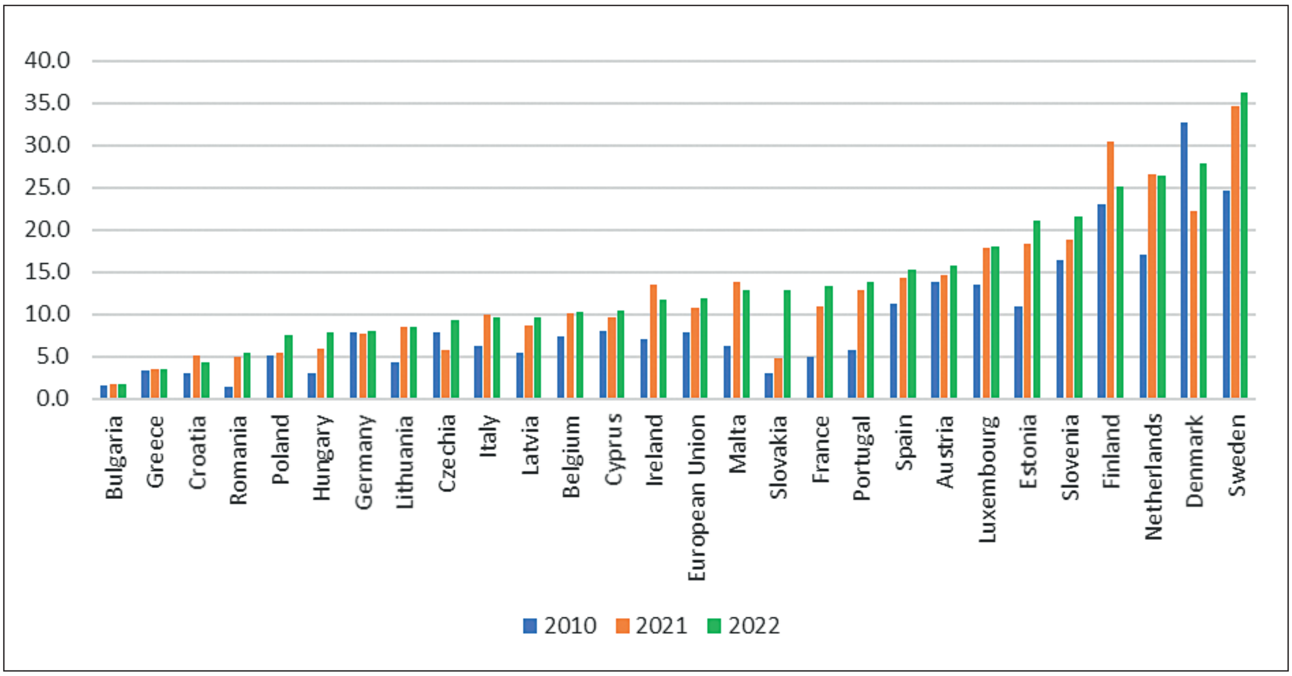
In 2022 the average rate of participation in lifelong learning was 11.9 per cent (slightly up on the 10.8 per cent rate, 2021) (measured through the participation rate for people aged 25-64 in training and education in the past four weeks[11]). It is lower than it had been in 2010 (when it was 7.8 per 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 is not on target to reach the target (15 per cent average) set in the ET 2020 strategy.

There is great variation across Europe in terms of the rates of participation. Nordic countries tend to top the table; in 2022 the top three countries were Sweden (36.2 per cent), Denmark (27.9 per cent) and the Netherlands (26.4 per cent). They were followed Finland, Slovenia and Estonia. At the other end of the scale, the rate was lowest in Bulgaria (1.7 per cent), Greece and Croatia. Thus, there is close to a 34.5 percentage point difference between Sweden with the highest rate and Bulgaria with the lowest. See **Figure 24.**

11 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 have been dis-improvements in the rates in seven countries between 2021 and 2022 while nine countries experienced an increased Rates. Some declines were slight, but the most notable decline (a pattern over a number of years now) was in Finland (-5.3 percentage points, 2021-22). Improvements occurred in several countries with the most notable improvement (+8 percentage points) in Slovakia – a country with a traditionally relatively low rate. Denmark and Czechia (5.6 and 3.6 per centage points respectively) also showed improvements.

Figure 24 Lifelong Learning, (%) EU-27, 2010, 2021 and 2022



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 digitization 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 at a moment when lockdowns have forced a sharp growth in virtual working - has become essential to both preventing 'digital exclusion' and fostering a 'smart' recovery (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 including an even and enduring post-pandemic recovery. 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 2020 Strategy 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 4** shows the findings in respect of the 21 European countries that participated in all three rounds (the third announced in November 2019).

Table 4 Average Literacy/Numeracy Proficiency among Adults, Ages 16-65

	Average Literacy proficiency (alphabetical order)	Average Numeracy Proficiency (alphabetical order)
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)[12].

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).

12 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 30-34 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. Estonia performs well in lifelong learning and is above average on third level attainment. Slovenia performs notably well on early school-leaving (ranked fourth-highest performing after Croatia, Ireland, and Greece, 2022) 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 fifth 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 European 2020 Strategy to address early school leaving and to improve third level educational attainment. However, progress has stalled on some educational indicators, there is scope for improvement in many countries, and progress also needs to be made on other indicators.

Improvements in the average (EU-27) rate of early school leaving since 2010 is welcome, with the rate for 2022 standing at 9.6 per just below the <10 per cent target set in the Europe 2020 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 2022 the highest rates were to be found in Romania (15.6 per cent), Spain (13.9 per cent), Hungary (12.4 per cent) and Germany (12.2 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 2.3 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 a more ambitious post-2020 target.

For third level attainment, the target set in the Europe 2020 strategy was that at least 40 per cent of 30-34 year-olds would complete third level. In 2022, the EU-27 average was 42.8 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 2022, eight countries had with rates at or over 50 per cent. However, there is a 36.6 percentage point gap between the country with the highest rate (Luxembourg) and that with the lowest (Romania) (2022).

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. One issue is the phenomenon of NEETs, young people neither in education nor employment (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 11.9 per cent, the average rate is above what than 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 thus 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 2022 the top three countries were Sweden, Denmark the Netherlands followed by Finland, Slovenia, and Estonia. At the other end of the scale, the rate was lowest in Bulgaria. Greece and Croatia. There is close to a 34.5 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 come absolutely central to ensuring an effective, equitable and lasting recovery. While the Covid-19 pandemic has massively exacerbated 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 EU 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).

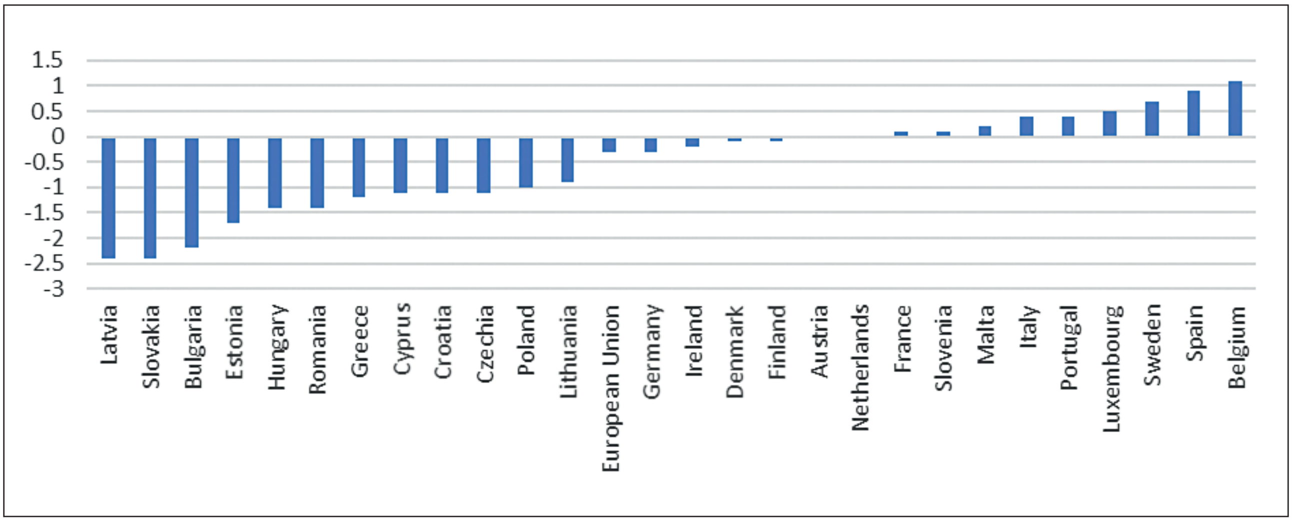
However, as previous reports in this series have discussed, following the economic crisis, many people in the EU experienced an erosion of health coverage (Thomson, Evetovits and Kluge, 2016) which has only become more starkly evident in the wake of the coronavirus pandemic (World Health Organisation, 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. See **Figure 25.** Latvia experienced the largest decline in life expectancy in the first year of the pandemic, falling from 75.5 to 73.1 years of age (-2.4 years) followed by Slovakia, Bulgaria, Estonia, Hungary, Romania and Greece all of which saw decreases of one year of more. In Belgium, Spain, Sweden, Luxembourg, Portugal, Italy, Malta, Slovenia and France did life expectancy increase between 2020 and 2021.

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, 2020 TO 2021



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 health services from the European Quality of Life Survey (2007-2016) (Eurofound 2017c; 2019c).

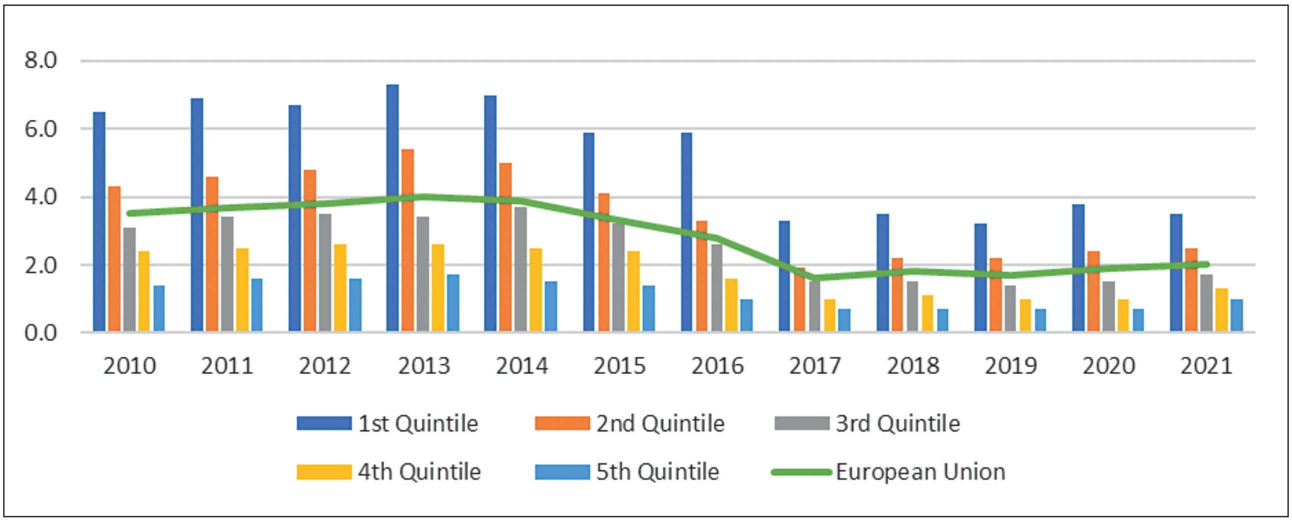
Eurostat publishes rates of self-reported unmet need defined as the share of the population perceiving an unmet need for medical examination or treatment (online database hlth_silc_08). This is one of the social protection indicators used in the social protection performance monitor (SPPM) by the EU's 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 1.9 per cent in 2020 rising by 0.1 percentage points to 2.0 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 2021, it was least perceived in the top income earners (5th quintile) (1 per cent) and most amongst the lowest earners (or 1st quintile) (3.5 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 2020 and 2021, there has been a slight increase in the average rate and in the perception of unmet need in the lowest income group and a marginal increase in the second lowest cohort (quartiles 1 and 2).

Chapter 4

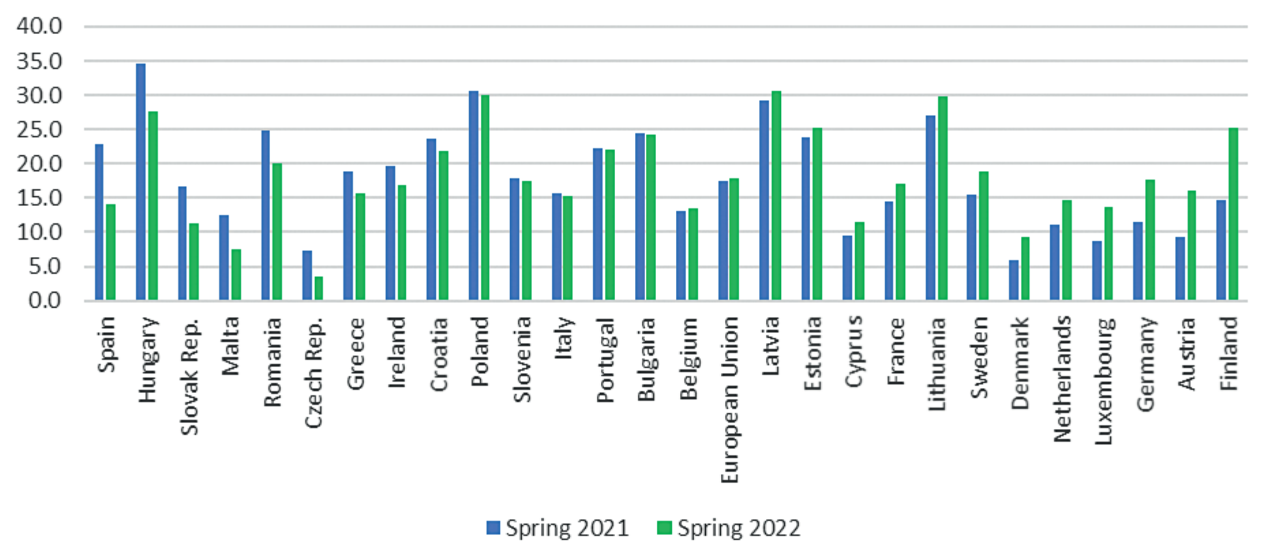
Figure 26 Self-reported unmet need for Medical Examination or Treatment Due to Problem of Access (%), EU-27, 2010-2021, By income Quintile



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.

Data for 2021 on member states is available for all but one (Italy) of the EU27 and this provides a snapshot of how citizens of individual states perceived changes in their healthcare needs in the context of the pandemic. Looking at the lowest income bracket (quintile 1), we find that between 2019 and 2020, rates of unmet health needs increased by between +0.1 to 2.6 for those on the lowest incomes in eleven countries (Denmark, Lithuania, Sweden, Romania, Spain, Croatia, Ireland, Latvia, Finland, Slovakia and France), remained stable in two (Malta and the Netherlands), fell marginally between -0.1 to 0.4 in six (Greece, Austria, Germany, Portugal, Slovenia and Hungary) and declined by between -0.5 and -2.8 in seven (Poland, Estonia, Cyprus, Czechia, Luxembourg, Belgium and Bulgaria) (Eurostat, hlth_silc_08).

Figure 27 Unmet need for healthcare during the pandemic, 2021 and 2022

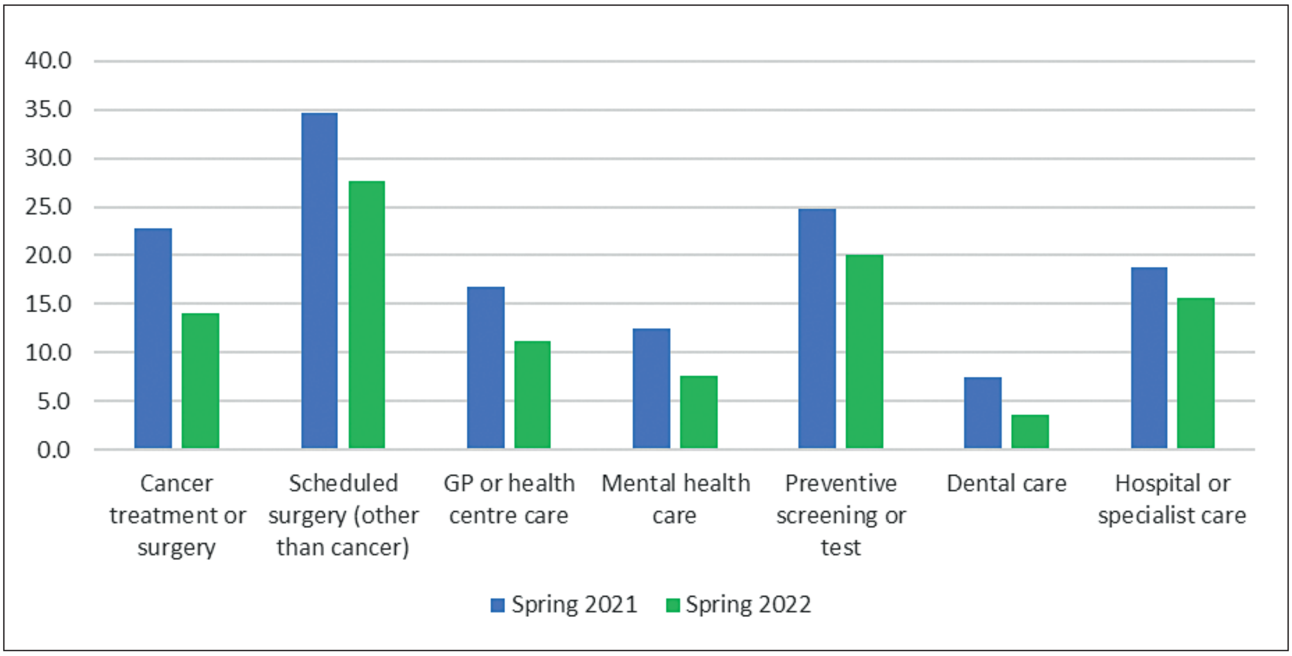


Source: From Eurofound 2022a.

This data reflects the results of the most recent (but less detailed) Eurostat e-survey *Living, working and COVID-19* carried out between March 2021 and March 2022, which shows significant differences in the perception of unmet health needs over time and across Member States during the pandemic (Eurofound, 2022a). While this data is not exactly comparable to Eurostat data for unmet health needs detailed in **Figure 26**, it does suggest an enormous increase in the perception of unmet healthcare during the pandemic when compared to pre-covid figures (due to expense, waiting time or distance). The *Living, working and COVID-19* e-survey thus indicates EU27 averages of 17.4 per cent and 17.8 per cent (covering all reasons) for 2021 and 2022 respectively. As **Figure 27** illustrates, while these much higher-than-usual figures for 2021 and 2022 are similar, individual Member States experienced considerable variations between the two periods with ten seeing increases in unmet needs (ranging between +0.4 and +10.7) and seventeen seeing declines (between -0.1 and -8.8).

While the overall picture of unmet health needs evinces little change on average across the EU, Eurofound (2021g) has warned that the legacy of the pandemic could continue to impact Member States with weaker or more unequal health provision leading to 'escalating health problems and greater future care needs among those who have missed out'. The data presented in **Figure 28** on unmet health needs by healthcare type reflect a welcome downward trend when comparing spring 2021 and spring 2022, though relatively high rates in areas such as scheduled surgery (27.6 per centage points) and preventative screening (20 per centage points) remain highly concerning.

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 has 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 (2021), 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.

But, 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). Thus, the perceived quality of public services still varies markedly across EU countries (Eurofound, 2017c).

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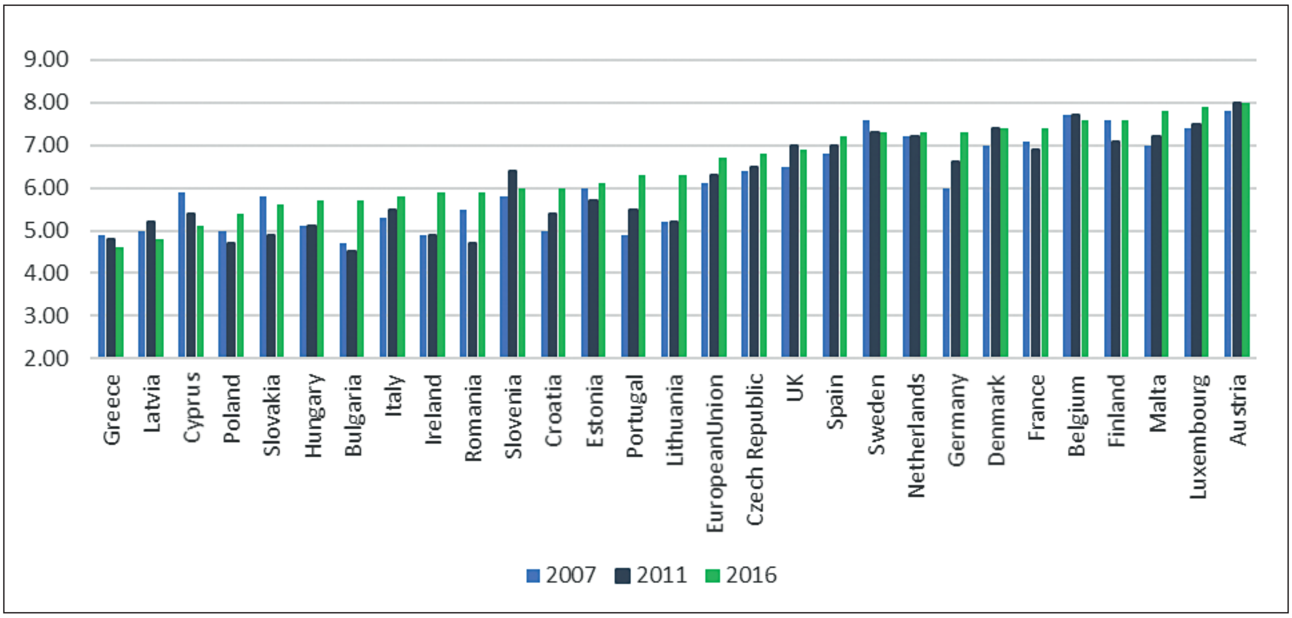
Figure 29 European Quality of Life Survey: Perceived Quality of Health Services, 2007, 2011, 2016



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'.

Furthermore, 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 groups to reach, 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 have experienced a rapid decrease in their ability to meet normal healthcare needs, especially those who have faced the brunt of the pandemic-induced economic downturn. By June-July 2020 for example, 7.9 percent 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 has 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 since spring 2020, one third (32 per cent) reported in June-July 2021 that they have unmet medical needs compared to 21 per cent of those who had not lost their job Eurofound (2021d).

A recent annual 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 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. Since spring 2020, the pandemic has 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 as part of ongoing recovery efforts.

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 2020 and 2021, there has been a rise in reported unmet medical needs. The most recent data reported by Eurostat (hlth_silc_08) and Eurofound (2022a) 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 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 itself (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[13] – 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.

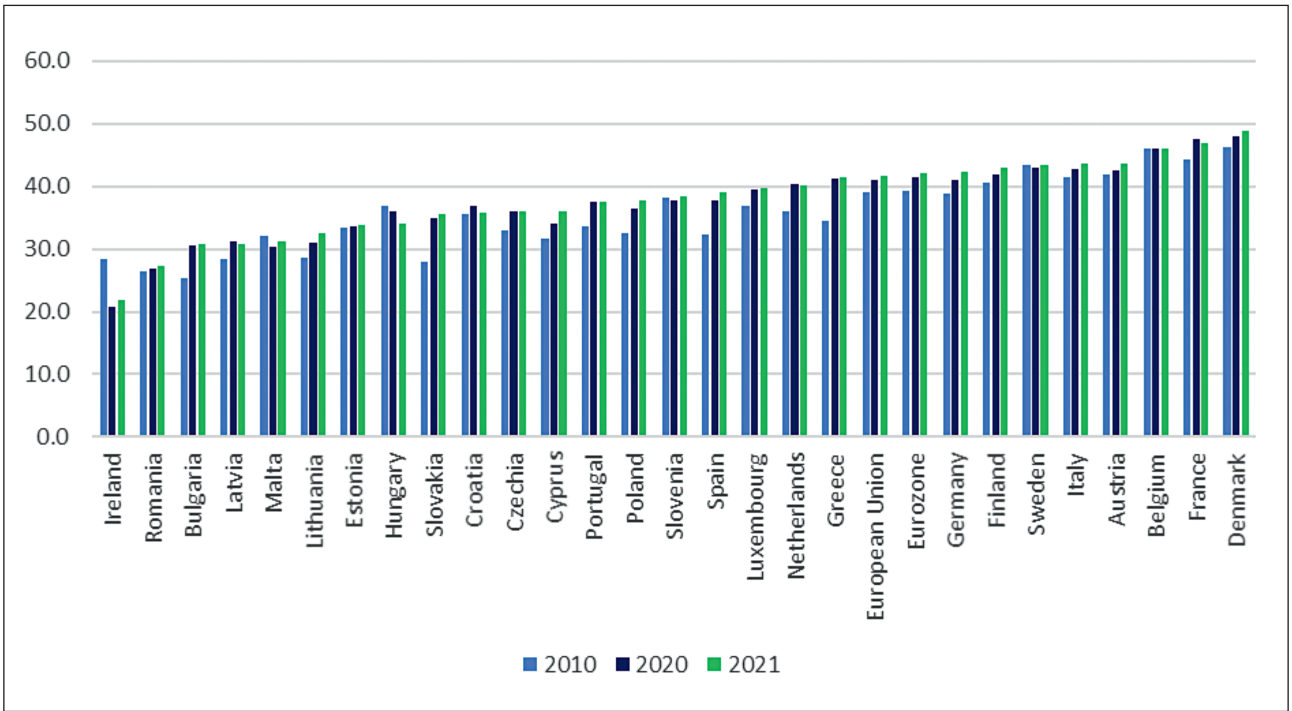
As a ratio of GDP, in 2021 tax revenue (including net social contributions) accounted for 41.7 per cent of GDP in the European Union (7) and 42.2 per cent of GDP in the euro area (EA-19). Compared with 2020, an increase of 0.6 of a percentage point in the ratio are observed for the EU-27 and 0.7 of a percentage point in the euro area. In absolute terms, from 2020 to 2021, EU-27 tax revenue increased by EUR 521 billion and euro area tax revenue increased by EUR 434 billion.

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. Seven countries had total taxation ratios greater than the EU average of 41.7 per cent (in 2021). It was highest is Denmark (48.8 per cent of GDP), France (47 per cent of GDP) Belgium (46 per cent of GDP), Austria (43.7 per cent of GDP) and followed by Italy (43.6 per cent of GDP), Sweden (43.5 per cent of GDP), Finland (43.1 per cent of GDP), and Germany (42.4 per cent of GDP); the lowest shares were recorded in Ireland (21.9 per cent of GDP), Romania (27.3 per cent of GDP), Bulgaria (30.7 per cent of GDP), Latvia (30.8 per cent of GDP) and Malta (31.2 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 26.9 pps between the country with the lowest ratio (Ireland) and that with the highest (Denmark). Between 2020 and 2021, increases in the tax-to-GDP ratios were observed in twenty Member States. In percentage points, the highest increases in per cent of GDP from 2020 to 2021 were recorded by Cyprus (from 34 per cent in 2020 to 36 in 2021), ahead of Lithuania (from 31.1 per cent to 32.6) and Poland (from 36.4 per cent to 37.7).

13 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)

Figure 30 EU-27 Total Taxes (incl ssc) as a % of GDP, 2010, 2020 and 2021



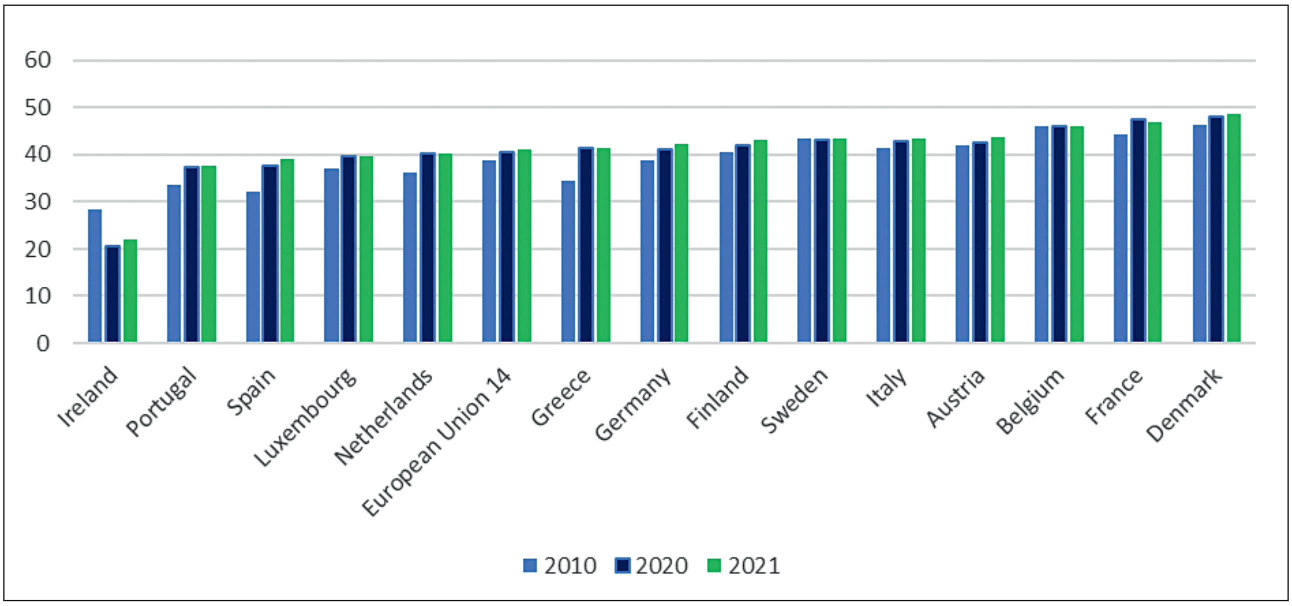
Source: Eurostat Online database: **gov_10a_taxag**. Total receipts from taxes and social contributions (including imputed social contributions) after deduction of amounts assessed but unlikely to be collected

Decreases in the tax-to-GDP ratio or stable ratios were observed in seven EU Member States (Hungary, Croatia, France, Latvia, the Netherlands, Czechia, Belgium). The largest decreases in the tax-to-GDP ratio were observed in Hungary (from 36.1 per cent in 2020 to 34 in 2021), Croatia (from 36.9 per cent to 35.8) and France (from 47.5 per cent to 47).

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 41.2 per cent for EU-14 for 2021, lower than the average for EU-27 countries (41.7 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 Portugal (37.6 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 for 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, 2020 and 2021



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

Although Eurostat has not yet published data for all EU Member States relating to 2022, returns for six countries provide an indication of trends as the European economy continues its recovery while withstanding headwinds generated by the outbreak of war in Ukraine. Amongst these, one (Portugal) has seen an increase in their tax-to-GDP ratio while the remaining five others (Denmark, Sweden, Luxembourg, Slovakia and Estonia) have all seen it fall by between -0.1 and -5.9 per cent. According to estimates recently published in the European Commission's *Annual Report on Taxation* (2022e), the EU27 tax-to-GDP ratio is projected to fall more slowly through 2023 owing to the volatility of 'high impact events such the war in Ukraine, the energy crisis, high inflation or the consequences of the pandemic'.

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 5** 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 2021). The majority of these (14 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 2021) 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 5 EU-27: Total Taxation as % GDP (2021)

	2021
Above EU-27 average	
Denmark	48.8
France	47.0
Belgium	46.0
Austria	43.7
Italy	43.6
Sweden	43.5
Finland	43.1
Germany	42.4
Below EU-27 average (41.7%)	
Greece	41.5
Netherlands	40.2
Luxembourg	39.8
Spain	39.0
Slovenia	38.5
Poland	37.7
Portugal	37.6
Czechia	36.0
Cyprus	36.0
Croatia	35.8
Slovakia	35.5
Below 35% threshold	
Hungary	34.0
Estonia	33.8
Lithuania	32.6
Malta	31.2
Latvia	30.8
Bulgaria	30.7
Romania	27.3
Ireland	21.9

Source: Taxation: Eurostat Online database: gov_10a_taxag.

Czechia has a poverty or social exclusion rate of 10.7 per cent, the lowest rate in 2021 (EU27), and also a taxation rate below the EU average. However, it is now above the 35 per cent threshold at 36 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 38.5 per cent in 2021) 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 2021 of 15.6 per cent) and with a taxation to GDP ratio below the EU average but at the 35 per cent threshold (35 per cent in 2020 rising to 35.5 in 2021). 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, and Czechia (all above the 35 per cent threshold) and Germany (also 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 6** 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 nine 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).

One of these countries (Italy) has a taxation ratio that is above the EU average. Thus, Italy represents 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 6 EU-27 Total Taxation as % of GDP (2020) and Social Investment Approaches

Taxation to GDP ratio 2020		Social Investment Approach
Above EU-28 Average		
Denmark	48.8	Group 1
France	47.0	Group 1*
Belgium	46.0	Group 1
Italy	43.6	Group 3***
Sweden	43.5	Group 1
Finland	43.1	Group 1
Austria	42.7	Group 1
Germany	42.4	Group 1
Taxation below European Union (EU-27) average: 41.3%		
Greece	41.5	Group 3
Netherlands	40.2	Group 1
Luxembourg	39.8	Group 2**
Spain	39.0	Group 2
Slovenia	38.5	Group 1
Poland	37.7	Group 2
Portugal	37.6	Group 2
Czechia	36.0	Group 3
Cyprus	36.0	Group 2
Croatia	35.8	Group 3
Slovakia	35.5	Group 3
Below 35% threshold		
Hungary	36.4	Group 2
Estonia	33.8	Group 3
Lithuania	32.6	Group 3
Malta	31.2	Group 2
Latvia	30.8	Group 3
Bulgaria	30.7	Group 3
Romania	27.3	Group 3
Ireland	21.9	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 Denmark (48.8 in 2021), France, Belgium, Austria, Italy Sweden and Finland. At the other end of the scale were Ireland (21.9 per cent), Romania, Bulgaria and Latvia. Overall, the range is broad with a difference of 26.9 pps between the country with the lowest ratio (Ireland) and that with the highest (Denmark).

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 above 35 per cent of GDP at 36 per cent in 2021 - 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 and Kavanagh 2019, 2023) 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, 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 lasting impacts of Covid-19 and the ongoing humanitarian crises linked to the war in Ukraine, 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 current 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 that followed associate this with the European Union. Meanwhile talk of an economic recovery, dramatically punctured by the present public health crisis, has yet to be experienced amongst many groups in Europe and the EU's efforts to create a more socially just Europe have not been as comprehensive, visible or as effective.

This is the context in which the future of the EU must be decided – and, in 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, and the impact of rising energy prices on inflation and living costs, 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, which 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 percent 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 Congress, 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, Council of Europe Parliamentary Assembly 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 demoralized 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. Arguable 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 current policy approaches to secure these rights for people, and as a result Basic Income is now being discussed and experimented with across several continents (Healy and Reynolds, 2016). From the legacy of the last crisis to the exigencies of the present one, 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, 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 incentivizes 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 polit 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 both past failures and the current public health emergency, 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. One influential study estimated that 47 per cent of workers in America had jobs at high risk of potential automation (Economist, 2016). 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 child care, 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 most broad 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[14] (Centre of Full Employment and Equity, n.d.). 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[15]. It also results in a multiplier effect from the contributions to the economy of the workers concerned (Centre of Full Employment and Equity, n.d.). Furthermore, such schemes are considered to promote economic and price stability, acting as an automatic stabilizer 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

14 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 crisis in the world.

15 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).

erosion control and the like), personal assistance to older people, assistance in community sports schemes, and many more (Centre of Full Employment and Equity, n.d.).

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 present 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 current (to the end of 2023) relaxation of fiscal disciplines given force through the Stability and Growth Pact, the Fiscal Compact, and the European Semester may also provide an opportunity for wider reassessment of appropriate budgetary flexibilities (Social Justice Ireland, 2020). 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 activation of the general escape clause of the Stability and Growth Pact announced by the European Commission in March 2020 is welcome. However the continued focus on prudent fiscal positions, albeit in the medium term, risks saddling member states with the economic consequences of Covid-19 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 immediate, a lasting commitment to well-planned investment and ambitious actions to mitigate the ongoing economic downturn 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[16] 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 stabilizing 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:

[16] 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).

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. 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 organizations 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 the state's revenue base is 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 present covid-related economic crisis, successive European quality of life survey have noted the positive impact of growth alongside an keen awareness that this rising tide has not reached all citizens equally and improvements are often more limited for some groups including for 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 mobilize 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 wither 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 and Kavanagh, 2019).

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 Summary, Conclusions and Recommendations

7.1 Summary of Findings

This report has examined social developments from the aftermath of the financial crisis to Europe's recovery from the Covid-19 pandemic, utilising a range of indicators of poverty, inequality and income, employment and unemployment. It has also looked at how European countries perform on certain indicators in respect of education and health. In each case, we looked at what the indicators tell us about the most recent years and we also looked back to 2010 in many cases. We also examined 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 in the previous section of this report. In this final Section, we summarise our findings, draw some conclusions and finish with some recommendations for European and national leaders.

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 by a very wide margin. In 2020, Europe has only reduced the number by about 8.3 million people (see footnote[17]).

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

Table 7 EU-27 Key Poverty Indicators 2010 and 2021

Poverty Indicators	People at risk of poverty or social exclusion		People at risk of poverty (60% threshold)		People experiencing Severe 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
2021	95.4m	21.7	73.7m	16.8	27.1m	6.3	29.6m	9.3
Children (under 18)								
2010**	22.2m	27.3	17.2m	21.1	8.4m*	10.3*	6.6m	8.2
2021	19.6m	24.4	15.7m	19.5	6.0m	7.5	6.7m	8.4
Older people (over 65s)								
2010**	14.9m	19.8	11.5m	15.3	5.6m*	7.5*	n/a	n/a
2021	17.7m	19.5	15.2m	16.8	4.7m	5.3		

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).

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 21.7 per cent in 2021 (EU-27) representing more than one in 5 Europeans or over 95.4 million people (Eurostat online database code ilc_peps01n). This indicates how far away from a reduction of 20 million people affected Europe is. 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 2021) (Eurostat 2021a). 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 2021, 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 4 other countries (Greece, Spain, Latvia and Italy) the rate was over 25 per cent. The lowest rates were found in Czechia (10.7 per cent) followed by Slovenia, Finland and Slovakia.

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 2020 and 2021, disimprovements in the poverty or social exclusion rates were observed in several countries including, notably, Portugal (+2.4 percentage points) and also in some countries with traditionally relatively low rates such as Luxembourg. The greatest improvements occurred in the newer accession states of Bulgaria, Romania and Slovenia.

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 2021, 16.8 per cent of the population (EU-27) was living at risk of poverty (over 73.7 million people), and that 1.2 million more people were affected in 2021 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 indicate similar deterioration against the backdrop of the pandemic - the average EU-27 rate of **severe material and social deprivation** was 6.3 per cent in 2021, representing approximately 27.1 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 19.6 million in 2020 or 24.4 per cent (EU-27 average) (Eurostat online database, code ilc_peps01n). Positive reductions in levels of **severe material and social deprivation** occurred for children up to 2019, but the pandemic has partly reversed this trend while rates have only fallen below their 2010 level in Greece.

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 as 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 19.5 per cent in 2021 (representing 17.7m people). This marked an increase on the pre-pandemic 2019 rate of 18.5 per cent. The rate was higher for those aged 75+ (20.8 per cent) (Eurostat online database, code ilc-peps01n).

The average **severe material and social deprivation** rate for this age group showed marginal improvement between 2020 and 2021 – falling slightly to 5.3 per cent (representing approximately 4.7 million people aged 65+, EU-27) (Eurostat online database, code ilc_mdsd11). This is an encouraging sign. However, 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 2021, 9.3 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) rose by 0.6 percentage points when compared to the previous year. (Eurostat Online database, code ilc_iw01). Thus, in 2021 almost one in ten 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). 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 2021, 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 Romania, the value was above 7.

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, within the past year (2020-2021), median disposable income has decreased in one quarter (7 of 27) of Member States, 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 February 2023, it was recorded at 28 per cent for the lowest-income quartile and at 13 for the second quartile.

Overall, while there have been some improvements in the between 2017-2019 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 dis-improvements for some groups in several countries. These include older people in some countries, an issue that particularly affects older women. Those working who still live in poverty is another group to be concerned about and this issue now affects a greater proportion of people than it did 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 grew strongly in the EU between 2013 and 2019. As labour markets continue to recover from the unprecedented shock of the pandemic since 2020, 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 has not increased at the anticipated rate and the Europe 2020 strategy target of 75 per cent has thus been missed. 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 2022 were found in Italy, Greece, Romania and Spain (looking at ages 20-64). Notably, Greece has just now exceeded its 2010 employment rate.

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, as employment growth has been much stronger in the capital city regions of countries (Eurofound and the European Commission 2019).

In 2022, the annual unemployment rate (EU-27) was 6.2 per cent (representing 13.3 million people) (Eurostat une_rt_a). The countries with the highest rates in 2022 were Spain (12.9), Greece and Italy.

Long-term unemployment rate has risen slightly in the year up to the final quarter of 2022 (at 2.2 per cent), but it still affected about 4.8 million people (Eurostat online database une_ltu_q; data not seasonally adjusted). Those unemployed for 2 years or more represented over 2.8 million people (Q4, 2022) and experienced a similar slight increase (0.2 of a percentage point) over the same time period. The share of long-term unemployed as a percentage of total unemployment has fallen to 36.9 per cent in the final quarter of 2022 (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. Greece, Italy and Bulgaria had the highest shares of long-term unemployment in quarter 4, 2022. The lowest ratios were found in Denmark followed by the Netherlands and Finland.

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 2022, the average EU-27 rate fell to 14.5 per cent, down from a rate of 16.7 per cent in 2021. (Eurostat database une_rt_a). In 2022 Greece was the country with the highest level of youth unemployment (31.4 per cent) followed by Spain (29.8) and Italy (23.7 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 11.7 per cent in the third quarter of 2022, 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 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 9.6 per cent) the average for 2022 (the most recent year for which data is available) is just below the <10 per cent target set in the Europe 2020 strategy. But the average rate has not decreased to any extent in the most recent years – so progress has stalled. In 2022 the highest rates of early school leaving were to be found in Romania (15.6 per cent), Spain (13.9per cent), Hungary (12.4 per cent) and Germany (12.2 per cent). There is still a very great gap between the countries with the highest rates (Romania, Spain and Hungary), and that with the lowest rate, Croatia (with a rate of 2.3 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.

For third level attainment, the target set in the Europe 2020 strategy was that at least 40 per cent of 30-34 year-olds would complete third level. In 2022, the EU-27 average was 42.8 per cent so the target has been reached. This is an area showing large improvements since 2008 when the average rate had been 31.1 per cent. In 2022, eight countries had rates at or over 50 per cent. However, there is nearly a 37 percentage point gap between the country with the highest rate (Luxembourg) and that with the lowest (Romania) (2022).

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 11.9 per cent in 2022, the average rate is lower than it had been in 2008 (9.5 per cent) and 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 is have 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 2022 the top three countries were Sweden, Denmark and the Netherlands followed by Finland, 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, the Netherlands.

Health

The Covid-19 pandemic has been termed the worst to effect Europe in a century, resulting in a marked fall in life expectancy in sixteen EU Member States between 2020 and 2021. In tacking the threat posed by 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 has seen a rise and subsequent stabilisation in perceptions of unmet need for health care in some countries (Eurostat, hlth_silc_08; Eurofound, 2021d). Perception has also been persistently different between different income groups, with the lowest perception 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 has been underlying inequalities in healthcare provision across the EU. 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). Several indicators we reviewed suggest that there have been improvements in respect of access to, and perceptions of quality of, health services in recent years, and this is welcome. But, unfortunately, in several countries, participants rated the quality of health services in increasingly unfavourable terms throughout the decade leading up to the pandemic (Latvia, Slovenia, Cyprus, Greece and Belgium) (European Quality of Life Survey, Eurofound 2017c).

Certain groups continue to experience particular health difficulties and need a particular policy focus, and inequalities still need to be addressed as disparities, such as in life-expectancy, continue to be great between socioeconomic groups. Some of the groups whose needs have been recently highlighted include younger people at risk of mental health (such as those with chronic health problems, living in rural areas and not in education or employment), older people in central and eastern Europe, and a diverse group with incomes above a threshold that would entitle them to state support (Eurofound, 2022b).

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 Denmark (48.8), France, Belgium, Austria, Italy and Sweden. At the other end of the scale were Ireland (21.9 per cent), Romania, Bulgaria and Latvia. Overall, the range is broad with a difference of 26.9 pps between the country with the lowest ratio (Ireland) and that with the highest (Denmark).

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.

7.2 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 Europe, economic issues are still allowed to dominate social issues, officials are perceived as at a distance from poor people, and this, unfortunately, is corrosive of trust in the whole European project and is capable of being exploited by certain politicians. Leadership at EU level in relation to vulnerable groups is critical not just to the future economic and social outlook but also to the democratic future of Europe.

In the wake of a devastating global pandemic and the outbreak of war and humanitarian crisis on the continent of Europe, 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 neither in employed nor in education (NEETS). Monitor implementation of the Commission's Recommendation on Investing in Children through a strengthened process and work with member states with high levels of child poverty to help them access and deploy structural funds to address the issue. The ageing of Europe's population, the fact that there are many more women than men in this group, and the very great differentials between

countries make poverty amongst older people (especially in some countries) an issue that requires more attention now and in the future. The situation of those who work and still live in poverty needs to be tackled as a matter of urgency.

5. **Focus on Youth Unemployment:** Youth unemployment continues to be a serious problem despite Youth Guarantee schemes and there is a need to recognise that young people experiencing multiple 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 current crisis which operate in job-intensive areas and assist growth as well as social and infrastructural deficits. The focus would need to be tailored to each individual country/ region but might include development of renewable energy sources, health and social care infrastructure, housing, education and early childhood care infrastructure. As already stated, inappropriate EU rules need to be adjusted that currently block needed, viable investment.
2. **Implement the European Pillar of Social Rights:** Establish processes involving social partners and civil society partners to implement the European Pillar of Social Rights in ways that are legally binding, aiming for equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion
3. **Strengthen Welfare Systems:** 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 to not be accompanied by the threatened loss of welfare benefits or assistance. Employment measures must not be implemented in a way that removes income security and increases in-work poverty.
5. **Tackle Low Pay by supporting the Living Wage concept and moving toward a Basic Income System:** Start to tackle low-paid employment by supporting the widespread adoption of the Living Wage, including giving public recognition to organisations (including SMEs) that commit to paying the Living Wage, and consider moving toward a basic income system.
6. **Develop Sustainable Approaches to taxation:** 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 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).

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.[18] 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)[19].

(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 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

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

19 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.

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.