



## ETUC Resolution on Strong public welfare and social protection in transitioning to EU

Adopted at the Executive Committee meeting of 10-11 December 2024

### Persisting issues

**The EU still faces a series of significant social issues that are unacceptable for the wellbeing society and competitive economy it aspires to be.** Their persistence represents a harm to the European Social Model as well as to the successful transitions towards a more digital, green and competitive Europe.

**High rates of poverty<sup>i</sup>, growing inequalities, social divide, social segregation and exclusion<sup>ii</sup>, high differences in wage levels across the EU represent highly harmful vulnerabilities for the EU.** They represent a shame for one of the wealthiest areas of the world, and deprive the EU society and economy of human capital for the mid- and long-term growth of a social market economy, all the more critical in times of transitions and demographic declines.

**The evidence-based policy recommendations of the Report on the Future of Welfare in the EU<sup>iii</sup>, among others, have not been taken into due account.** Public expenditure for dignified ageing is approached as a mere cost; so far, funds for the social protection of those impacted by the climate and digital transitions are insufficient; social benefits are increasingly inadequate and inaccessible. The Report instead clarifies the economic costs of unaddressed social vulnerabilities which are also linked to the major threats for the sustainability of highly inclusive and efficient welfare systems<sup>iv</sup>.

**Austerity policies continue to hit public expenditure and investment for public services and especially for welfare and social security,** impacting workers and communities - women<sup>v</sup> and some groups more than others. Whereas enhanced welfare states are crucial to making the EU more resilient against future emergencies and ongoing transition, austerity results in reduced growth and makes many EU social and economic objectives, such as gender equality, unreachable. Cuts in public spending for adequate social protection benefits, care, education and research among other public services<sup>vi</sup> - as per many NRRPs - deprive people of their rights and the EU of a healthy, educated, qualified and talented workforce.

### Call to actions

**The ETUC reiterates the call for a comprehensive set of strategies,** marked by a strong holistic people-centred approach, clear political will, coherent financial resources, coordination and monitoring in partnership with social partners, namely:



- a. **The relaunch of the Action Plan to fully implement the principles in chapter III of the EPSR:** we call for a shared assessment, updated targets<sup>vii</sup>, stringent and monitored intermediate objectives, new flagship initiatives enhancing gender, youth and transnational dimensions. Social dialogue, collective bargaining and involvement of social partners must be the integrated methodology for implementation, monitoring and evaluation of progress.
- b. **A strong anchoring of social protection to the world of work:** the future of welfare and social protection in the EU certainly concerns “people” (as per the design of mandates to the new Commissioners), however it is widely determined by “workers”, in terms of societal equity, expectations as well as adequacy and fiscal sustainability. Work-related social contributions and taxes represent redistributive features towards the whole society, enhancing universal, adequate and solidarity-based welfare states. Underpinned by high-quality and universal public services, they must be rooted in high participation in the labour market, especially of young people and women, reduction of precariousness, involuntary and marginal part-time, a job rich recovery, work-life balance, fair working conditions, wages and contributions.
- c. **A sound public service agenda,** underpinning all possible initiatives and strategies, including welfare, education, care, public administration, industry, enlargement, social, economic and territorial cohesion etc. None will be successfully delivered without adequately funded and staffed public services (for instance labour or tax inspectors). The EC must take forward the recommendation of the Letta report for an Action Plan on services of General interest in the context of implementing the EPSR, with the ETUC committed to contributing to the public services agenda including social protection policies. Public authorities can also play an important role as employers. Furthermore, a sound public service agenda is also a feminist agenda<sup>viii</sup>. Major efforts are necessary in public social security administrations in order to fully ensure workers’ rights in the transnational dimension, as well as to guarantee that the highest standards of social protection rights are equally accessible by workers, citizens and residents everywhere in the EU.
- d. **Anti-austerity, need-based and adequate fiscal resources for welfare and social protection,** coupled by effective **redistributive policies** and especially more just taxation<sup>ix</sup>. The feeling of injustice among employees – the core base of taxpayers - must be reversed for the sake of social and democratic stability. Taxation and contributory exemptions as incentives to employment are short-sighted policies that hamper any wealth redistribution, especially when applied indefinitely, without social conditionalities, respect of national collective bargaining agreements, or workers’ health and safety. Increasingly approached as private individual products or leverage for investments on the financial market, pensions are instead life savings aimed at securing dignified retirement. Systems must ensure they are adequate. As proved<sup>x</sup>, this is best achieved via public, inclusive and collectively managed pensions with the involvement of trade unions in their governance. Public welfare must be preserved, maintaining its pivotal role than can be integrated but not substituted by private capitalisation systems.

## Priority demands for the new European Commission

**Substantial progress in the implementation of the Recommendation on access to social protection** for workers and the self-employed (RASP). The overall TU evaluation of its implementation so far calls for a revision of national systems to make them more



rights- and needs-based, for more pressure from the EC, for greater monitoring by and involvement of social partners<sup>xi</sup>.

**Dignity of ageing ensured for the increasingly ageing population**, phasing out the cost-of-ageing approach of the Stability and Growth Pact. Public expenditure and investment must evolve coherently with the increasing demands of the dependent and elderly. Pension systems must aspire to adequacy and status maintenance beyond the mere protection from poverty. High quality public child, health, social and long-term care and full enforcement of provisions relating to work-life balance are rights and needs, not commodities, to be guaranteed via investment in staff, that must be formalised and protected by collective agreements. Intergenerational solidarity must be rooted in investments in education, quality job-creation, qualification and innovation that generate job opportunities for the young in a demographic context where everyone can live longer and healthier. A more human approach to migration policy must be part of an urgent revitalisation of our societies - compelling not only for welfare fiscal sustainability.

**An anti-poverty strategy**, rightly announced by the EC President, long overdue, must follow the ETUC guidelines called for since the launch of the EPSR Action Plan<sup>xii</sup>

**The right to adequate, decent and affordable housing<sup>xiii</sup>**, rooted in a strategy to be developed on the basis of social dialogue - as announced by the Commissioner-designate in front of the European Parliament.

**Investment in social protection and public services massive and prompt**, and well-coordinated in all intervention areas in order to maximise the potential of public services as societal and macroeconomic stabilisers and enhancers<sup>xiv</sup>. Public high quality education, open and affordable to all along the whole life-cycle since the earliest age until university; public social, child-, health- and long-term care must be protected from underfunding, progressive externalisation and privatisation – especially when not carefully monitored and subject to stringent social conditionalities in public procurement that prevent the most vulnerable people from accessing them and increase polarisation of wealth and profits.

**Public spending for social protection and social inclusion treated as an investment for the purpose of the Stability and Growth Pact**, thus exempted from European fiscal and budgetary constraint's rules.

**The EC must provide evidence-based projections and information about necessary allocations to guarantee steady upward convergence in the enjoyment of principles of Chapter III of the EPSR**, including a need-based assessment of vulnerabilities to be tackled, the impact of cost-efficient decisions as well as the distributional impact; the estimated costs of a lack of investment in public services and social protection in order to enact the necessary measures.



## Annex Data and references

<sup>iii</sup> The most recent data on poverty and social exclusion emerge as concerning 4 years after the adoption of the Porto Targets. Approximately 94.6 million people in the European Union (EU), equivalent to 21.7% of the population, were at risk of poverty or social exclusion. These include 6.3% of people experiencing severe material deprivation and 8.5% of people reside in low work-intensity households (where adults worked less than 20% of their total work potential in the previous year). Analysing different population groups, the data reveal that women account for 22.4% at risk, compared to 20.3% of men. Elderly (65 years and over): 19.8% of 65+ are at risk. The highest percentage among age groups is 26.1% of young adults (18-24 years) who are at risk and children under 18 at 24.8%, above the general average. Regional disparities are stark among EU Member States. In 2023, the countries with the highest percentages were Romania with 32%, Bulgaria with 30%, Greece 26%, where economic conditions are generally weaker. Conversely, the lowest percentages were recorded in Czech Republic with 12%, Slovenia at 14%, Finland and Poland both at 16% ([https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living\\_conditions\\_in\\_Europe\\_-\\_material\\_deprivation\\_and\\_economic\\_strain](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_-_material_deprivation_and_economic_strain)). Individuals with disabilities and migrants in the EU continue to experience significantly higher rates of poverty and material deprivation compared to the general population. In 2023, 27.0% of the EU population aged 16 and over reported having some form of disability, equating to approximately 101 million people. Among them, 28.8% were at risk of poverty or social exclusion, in contrast to 18.3% of those without disabilities. Additionally, people with disabilities are four times more likely to have unmet healthcare needs, and one in five has been a victim of violence, underscoring their heightened vulnerability to material and social deprivation (<https://www.consilium.europa.eu/en/infographics/disability-eu-facts-figures/>).

According to Eurostat's 2023 data, non-EU citizens residing in the European Union (EU) face a significantly higher risk of poverty and social exclusion compared to EU nationals. Specifically, 45.5% of non-EU citizens were at risk, in contrast to 18.9% of nationals. This disparity underscores the economic challenges that migrants encounter within the EU. Further analysis reveals that 36.6% of non-EU citizens were at risk of poverty, 15.0% experienced severe material and social deprivation, and 16.8% lived in households with very low work intensity.

See also pp 15 and 16 ETUC FOR A SUSTAINABLE ECONOMY AND SOCIAL PROGRESS 2025

<sup>iii</sup> Social segregation—defined as the separation of individuals based on socioeconomic, gender, ethnic, or cultural criteria—is strongly linked to economic, social, and opportunity inequalities. This fosters less inclusive societies with limited social mobility and unequal access to resources like education and employment. High inequality exacerbates a "talent drain," where large segments of the population lack access to quality education or professional opportunities, diminishing societal innovation and productivity. In particular, the widening gap between the poorest 40% of the population and the rest of society tends to slow GDP growth (OECD 2015). Research emphasises the importance of targeted policies to address inequalities, including well-targeted income support policies to assist low-income families; facilitating and promoting access to employment and increase participation in the labour market; improving education and vocational training to enhance their productivity and future earning potential; better access to formal education: to ensure equal opportunities from an early age. These measures are essential to promote inclusive and sustainable growth, reducing economic and social disparities.



Economist Enrico Giovannini (2024) highlights that systemic inequalities hinder both equitable development and sustainable growth. OECD research (2021) shows that high inequality undermines social cohesion, with negative effects on economic and political stability. Similarly, Wilkinson and Pickett (2009) demonstrate that more egalitarian societies are healthier, more innovative, and resilient, while unequal societies experience reduced human capital and cycles of poverty and polarisation.

Research published in The Lancet reveals that social inequalities harm public health and economic productivity, creating a vicious cycle of poverty and limited development. The Eurofound 2023 report on "Economic and Social Inequalities in Europe After COVID-19" further underscores how the pandemic worsened disparities, emphasising the urgency of inclusive policies.

The "Employment and Social Developments in Europe 2024" reveal that a) inequalities remain high with top earners benefitting most from the economic uptake while severe material, social deprivation and energy poverty increased; b) the support of the public is very high for investments in health and care.

"The concentration of wealth in the hands of the few is fuelling the erosion of collective, solidarity-based values that protect people. The growth of extreme wealth, irresponsible consumption, corruption and a concentration of political, economic and media power goes hand in hand with inequality, tax dumping, the weakening of public services, attacks on workers' rights and environmental degradation. A fair distribution of wealth and income underpins more democratic societies and decision-making." (EPSU 2024)

iii [The ETUC response to the High-Level Group report on the Future of Social Protection and of the Welfare State Position adopted at the Executive Committee Meeting of 30-31 March 2023](#)

iii The [Report](#) points out that the cost of inaction threatens macro-economic stability. Not addressing childhood disadvantages, for example, has a cost of an estimated 3,4 % of GDP in the EU to mention one figure.

iii Women are hit harder by austerity. The employment rate of women is 10 p.p. lower than men, the gender pay gap still at 12.5% and the pension gap at around 30% in the EU (see also ETUC SociAll 2023 "[Improving women's old-age protection – the potential of closing labour market gaps](#)"). Pursuing austerity policies and undermining public services means undermining women and their economic independence. Ref. EPSU

iii European public services contribute to the growth of the European economy as much as industry – Ref. EPSU

iii [ETUC 2021](#)

iii Women represent the majority of public employees and the main users of public services (Ref. EPSU).

iii See also Focus 3 p. 18 of ETUC FOR A SUSTAINABLE ECONOMY AND SOCIAL PROGRESS 2025

iii Final [Report of the High-Level Group Of Experts on Pensions](#), 2021

iii The word "revision" makes reference to the following circumstances:

- in the Committee the need to revise the design of the national systems is very high among the priorities;



- the concern is strong that many national systems are designed in a way that do not ensure the rights and needs of the pensioners - but rather ensure streamlined reforms that guarantee fiscal sustainability and reduction especially of *pension* costs for MS;
- the demand of fairness and rights- and needs- based approach in national systems is even stronger with respect to the reforms that the RRF and the Semester have imposed on MS, that - moreover -are rarely based on social partners' consultations and go against the pensioners' interests that trade unions defend.
- This demand was part of the last resolution on social protection (<https://www.etuc.org/en/document/fair-and-inclusive-pension-policy-eu> see bullet points in the section "**ETUC for fair and inclusive pension policy and dignity of ageing in the EU**" ... Trade unions' national priorities on pension policy, while respecting national competences, can however be conveyed towards common demands: ...")
- Moreover, the demands in this sense are reiterated in previous Executive Committee documents, based on the recent SociAll [study](#) that confirms how "**Pension schemes will have to be (re)reformed and improved in order to provide full coverage of every hour worked regardless of status or profession, including "marginal", short-term employment and self-employment; set coherent contribution mechanisms in terms of rates and incomes; ensure that general replacement rates allow status maintenance and poverty prevention; provide for adequate entitlements also in situations like unemployment, caring for family members or incapacity; make pensions realistically accessible by fairly adjusting pensionable ages to living and health conditions, not to supposed systemic needs; know more about present and future capabilities of pension systems, already helpful calculations on theoretical replacement rates (TRRs) should be further improved.**"

<sup>iii</sup> ETUC [2020](#)

<sup>iii</sup> <https://www.etuc.org/en/document/right-adequate-decent-and-affordable-housing>

<sup>iii</sup> ESDE Report 2024

[https://ec.europa.eu/commission/presscorner/detail/en/ip\\_24\\_4744](https://ec.europa.eu/commission/presscorner/detail/en/ip_24_4744)