

Commission Stakeholder Dialogue - 6 July 2016

New Ways of Work and functioning social protection systems

Speaking Notes: Fintan Farrell, Acting Director EAPN

Fighting for more equity between and within the EU Member States should be the major project of the EU

- The starting assumptions about the new trends on work are worrying. The narrative seems to describe 'objective' almost inevitable trends, with changing household structures and type of work – with uberization, teleworking, flexible working and contracts, digitalization of jobs under pressure from globalization. This is all described as inevitable.
- The second connected theme is that social security is costly and non-productive – so ways must be found to reduce it, and force individuals to bear the cost of their own protection i.e. undermining collective social welfare mission and systems.
- But we need to be clear – why these are being developed, who is introducing them, and who are the winners and losers. There is nothing inevitable about it.
- From an anti-poverty organization perspective, our members see it as part of the dominant neo-liberal ideology that puts the market before people – we see that the winners are always the same. In terms of globalization, these are generally big multinational companies searching for increased profit across borders. Introducing technology increases productivity, but makes people redundant. Flexible working allows companies to avoid paying for low production times and adapt quickly to new situations without risks, passing the risks onto the individuals or the state. The loser is always the same – the low paid vulnerable worker, and those in precarious work.
- The cuts to social protection systems impact worse on those who are most excluded and facing poverty – they generate poverty and growing inequality, and undermine prevention bringing longer term economic and social costs. Any proposals around 'individualization' of social risk undermines the social compact, reducing social protection to a minimum safety net, which individuals are expected to top up – but the poorest don't have these options. The attack on universal services also undermines the social compact of a system which protects all from risk throughout the life course.
- **The EU should take the side of the losers in globalization** – see Paul de Grauwe article – 1 July. Fighting for more equity between and within the EU Member States should be the major project of the EU.
- His argument is that free trade has created a dynamic of innovation and material prosperity, but it hasn't benefited everyone. Some have seen their welfare decline, jobs lost and income fall. The EU has been a major promotor of globalization, through the

single market and trade agreements but have not taken action to ensure compensation to the 'losers'.

- The Commission and Member State governments have also promoted an approach that can be described as an 'austerity straightjacket, hitting again those hit by globalization. He says that the Commission has adopted the neo-liberal discourse – workers must be flexible, social security is unproductive, calling them 'structural reforms'. The EU instead of taking the side of the 'losers', continues to back the winners. It's no wonder that people are losing trust in the EU. His two proposals are stop structural reforms and give a big boost to public investment including in welfare systems.
- In terms of ways of work – the EU should come down on the side of quality and reliable work with enforced labour standards – it cannot be acceptable that people go to work not knowing how many hours they will do, or what income they will receive. Workers need and want security. Voluntary flexibility to help professional/personal life balance shouldn't mean a loss of rights. Imposed flexibility, always means the workers lose. The market needs regulation to prevent this downward spiral and social dumping. Key concerns with regards to CETA and TTIP are connected with this.
- If technology will reduce the number of jobs/particularly lower skilled – what is our response? This is not necessarily a negative development – to get rid of onerous work – we need but who is technology serving? Not everybody can be 'upskilled' to the high level jobs. In this context the arguments about Basic Income become more pronounced – i.e. that the State/the EU should be compensating the 'loser' for technological change to ensure people have adequate income.
- From EAPN's perspective we have promoted a model which shares meaningful work for all who want and can do it, while protecting those who cannot or are not able to work. We also have a broader understanding of work, including domestic and voluntary work. Everyone has a right to work and participate. This means sharing work (job share, reduced working weeks), and ensuring adequate income support and better recognition of the contribution of care and voluntary work.
- Support should be giving to new types of jobs – i.e. related to service and community sector, support social and community enterprises, support more worker participation.
- On social protection systems – the choices are clearer. There are issues of demographic ageing, but the changing world of work makes clear that effective social protection will become even more vital to provide adequate income for a dignified life – we must look at new ways of funding it – this should not be about individualising risk but socialising risk through redistribution – with key role to progressive tax.
- The first concern should establishing clear benchmarks on % of GDP spent on social protection – there's a wide variation across the EU, which is damaging. The second is a recognition that contribution base, will be undermined and this means switching more to tax financing. In itself a redistributive measure which reduces inequality – taxing the rich to support the poor. The aim should be upward convergence globally, to avoid

social dumping. The ILO social protection floor is a very important initiative supporting this.

- A framework directive on Minimum Income would be a major step forward – in sharing risks across the EU, closing the inequality gap – a precedent for a new Europe.
- Globalization in itself is a positive development – but only if we start from the point of what kind of globalization we want-The key aims should be social and sustainable development which is built together with the people of the region and global responsibility to achieve shared prosperity.
- Growing global inequalities are the prime challenge and the driving force behind the main migration surges. The EU has a key role to play in trying to shape the forces of globalization to ensure a dignified life for all, redressing the balance in terms of income and wealth. A key means to do this will also be through the SDG 2030 sustainable development goals and the EU must play a role to ensure the follow up of these goals within Europe and globally.