

# New Labour Market Trends and their Implications for Poverty and Social Exclusion

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## Introduction

EAPN is the largest independent network of NGOs committed to fight against poverty and social exclusion in Europe, with & for people in poverty, started in 1990. It has been a key actor in poverty programmes and development of social Open Method of Coordination, the Lisbon Strategy, Europe 2020 and the European Semester, and the European Pillar of Social Rights. It receives financial support from the European Commission (EaSI programme) and it comprises 31 National Networks and 13 European NGOs as members, representing over 10000 organisations. EAPN has been monitoring the European Employment Strategy and associated processes since 1997. For an overview of its main work and concerns regarding employment and poverty, please see [here](#). Throughout 2017, EAPN undertook a comprehensive internal reflection regarding the future of work and new labour market trends, as well as implications on poverty and social exclusion. The results of this reflection will be published in the upcoming months.

## Context

The EU context of the debate includes, chiefly, the European Pillar of Social Rights, which contains useful relevant principles (on secure and adaptable employment, wages, employment conditions, social dialogue, work-life balance, work environments, as well as on social protection, unemployment benefits, minimum income, pensions), a Social Scoreboard to monitor social standards across Member States, as well as two upcoming useful initiatives on access to social security for all workers, a European Labour Authority, and a European Social Security Number. The Pillar is supposed to be implemented and monitored through the European Semester, and the latest Annual Growth Survey and Joint Employment Report represent a step forward towards rebalancing economic and social priorities, and contain a positive rhetoric around wages, job creation, adequate social protection systems, while concrete risks of new, non-standard and precarious forms of work highlighted, which entails exclusion from social protection. The main question is, *will the Social Pillar Principles continue to be adequately mainstreamed in the European Semester, including Country Reports and National Reform Programmes, and will they trigger policy change, through Country Specific Recommendations?*

## Trends

Austerity measures have led to subdued job creation and downward pressure on quality of work and employment. Both trade union density and coverage of wage agreements have declined in the European Union. Technological change (loss of routinized jobs) and globalization (delocalization) lead to unemployment and wage polarization, thus exacerbating income inequalities. Job security and employment protection have been declining – atypical contracts and bogus self-employment proliferated, with little or no social protection coverage. Increased employer flexibility maximizes insecurity for workers, allowing for externalizing risks to workers (now independent contractors rather than employees). The digital divide leads to digital exclusion. A key issue is migration – brain drain in some countries, illegal migrant labour (modern slavery) and **social dumping**.



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### Voices from the ground

EAPN Networks highlight:

- Rise of fixed-term contracts (NL, NO, SE, UK, CY, UK, IE, AT, IT)
- Underemployment / overqualification (IT, PT, CY, UK)
- Multiple low-wage job holding (CY, RO, GR, NL)
- Weakening of contractual relations (DE, SE, NL, UK).

People experiencing poverty say:

- **PREARIOUSNESS:** "People are thrown into any kind of job, sometimes with no minimum salary... and youngsters still dependent on them..."
- **LOW WAGES:** "Instead of saying minimum wage, we should say 'adequate' wage; we need money to live, not just to survive..."
- **LABOUR MIGRATION:** "Immigration caused by globalisation, capitalism, dictatorships... these are dramatic situations with people becoming poorer and more vulnerable..."
- **GLOBALISATION:** "In a global society, we need to change mindsets against a constructed scarcity of resources..."
- **PARTICIPATION:** "We need people to make decisions in favour of those who are falling through the cracks..."
- **SOCIAL PRIORITIES:** "EU countries are not following up enough when it comes to social issues..."

## Key messages

- Better research on new ways of work, taking account of social, societal, cultural, health, and distributional changes - go beyond quantitative data to understand real impact on people's lives.
- Step up quality of work and of contractual arrangements, stemming the proliferation of insecure, unstable forms of employment, including self-employment and contractors, atypical, zero-hour, mini-jobs, involuntary part-time and short-term.
- Invest in comprehensive, adequate social protection for all, as an essential prerequisite for combatting poverty and social exclusion, protecting all against risks throughout the lifecycle, at levels allowing for lives in dignity.
- End punitive activation pushing people into unsustainable jobs, curbing punitive approaches, marred by conditionality and sanctions, and favouring positive, integrated pathways to employment, in line with the Active Inclusion strategy.
- Tackle the digital divide & improve life-long learning, improving efforts on digital inclusion, especially for those experiencing poverty and the low-skilled, so they are not left behind by the technological revolution, including in accessing goods and services.
- Bet on social and civil dialogue for evidence-based policy solutions, as civil society organisations working with the unemployed, the self-employed, and those experiencing poverty and exclusion are a powerful ally, alongside trade unions.

## Way Forward

1. **A social and sustainable European Semester**, where Europe 2020 objectives are at the core and on equal footing with macroeconomic and fiscal objectives, and the key principles of the Social Pillar are comprehensively mainstreamed (including in the CSRs);
2. **A clear implementation roadmap for the European Pillar of Social Rights**, with alert mechanisms and policy triggers embedded in the Social Scoreboard, to trigger actual policy change;
3. **Comprehensive legislation on access to social protection for all workers, regardless of employment status**, tying rights to the individual and ensuring adequate coverage for all – based on the public consultation;
4. **A Work-Life Balance package** which supports the needed flexibility for people to combine professional and caring responsibilities;
5. **A social and sustainable post-2020 development strategy, aligned with the SDGs framework**, which tackles changes brought about by technology and globalisation to the benefit of all – no winners and losers!

## Open questions:

- *Is full employment still a realistic goal? Is job sharing a possibility?*
- *Not everybody can be retrained over-night – particularly those in low-skilled jobs*
- *Should we decouple income distribution from paid employment, and look into different wealth-sharing mechanisms? Can basic income be a solution?*
- *How to provide income security for people, so that they can lead dignified lives?*

**THIS IS NOT INEVITABLE!  
HOW CHANGES ARE TRENDS ARE MANAGED IS KEY!  
PUT PEOPLE AND THEIR WELLBEING AT THE HEART OF POLICY CHANGE!**