

## ETUC action on access to social protection (Resolution)

Adopted at the Executive Committee of 26 – 27 March 2019

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### Background

In March 2018 the European Commission issued a proposal for a Council Recommendation on Access to Social Protection for Workers and self-employed.

The ETUC has acknowledged the potential but also the principal weaknesses of this proposal, both in formal and substantial terms<sup>1</sup>, with respect to its objective to give concreteness to the principles of the European Pillar and Social Rights, in particular chapter 3.

In December 2018, after a series of tense internal debates, the EPSCO reached a political agreement on the final text of the Recommendation<sup>2</sup>.

Many Member States used the subsidiarity principle and national competence on the design of social protection schemes as arguments for reducing a more ambitious approach from the European Commission. Many others, however, stood for keeping substantial references to adequacy and effectiveness. This shows the need and the will to make concrete steps towards upward convergence in social protection.

The official adoption of the Recommendation has been submitted for the approval of the German Parliament. It is now crucial that national internal procedures do not delay the finalisation of the procedure.

### The new text of the Recommendation

The ETUC regrets that the original text, already quite ambiguous, has been significantly watered down during the negotiations in order to obtain the unanimity necessary for adoption. The compromise results in a much less prescriptive approach.

*Among the different weak points of the final text, the ETUC particularly regrets:*

- ✓ The reduction of the material scope, from which the **transferability** of social protection has been withdrawn, except for some references in the text. This feature is crucial in order to ensure effectiveness of cumulation and benefit entitlements.
- ✓ The significant weakening of the **formal coverage for self-employed**. This is now recommended to be extended and improved “at least on a voluntary and where appropriate on a mandatory basis”. However, the full mandatory basis remains for workers, regardless of the type of their employment relationship. Opening to such exceptions is detrimental not only in terms of fiscal sustainability but also for the very achievement of social protection systems which aim at guaranteeing effective and adequate coverage to all working people – especially on the basis of solidarity, risk-sharing and fairness.

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<sup>1</sup> ETUC Position: Proposal for a Council Recommendation on access to social protection for workers and the self-employed <https://www.etuc.org/en/document/etuc-position-proposal-council-recommendation-access-social-protection-workers-and-self>

<sup>2</sup> <http://data.consilium.europa.eu/doc/document/ST-15394-2018-INIT/en/pdf>

For the sake of fairness, and against free-riding and moral hazard, if everyone must be protected, everyone has to fairly and duly contribute to the system.

For the sake of an effective protection, any derogation to the mandatory principle for self-employed - unless strictly conditional on assessment based on data and evidence - would not actually constitute prevention of competition based on circumvention of labour costs, and this would still leave them under-protected.

### **Action on access to social protection**

**The EPSR prescribes a rights-based, integrated approach** to equal opportunities, quality jobs and employment conditions and social protection rights, as strongly interdependent dimensions, especially in a context dominated by atypical, precarious, low-paid workers - such as platform and crowd workers, but not only. The ETUC has repeatedly underlined that fostering such an approach is crucial to responding to the needs of an evolving society, to ensure everyone has the possibility to accrue entitlements to “age in dignity”, thus guaranteeing adequate pensions, quality healthcare and accessible long-term care whilst supporting the sustainability of the systems.

This also means to go **beyond the classification of these needs as “costs of ageing”**, thus, to redesign narrative, priorities and methodologies of the European Economic Governance framework.

The Recommendation on access to social protection can serve as a tool to realise the above-mentioned approach and pursue these priorities. Although it is a soft-law instrument with a series of substantial weaknesses, it marks a direction for Member states’ action towards making the crucial Pillar Principles concrete. This direction must be pursued by informing policy design **both at national and at European level**, through highly participative processes, also able to impact coherently on the European Economic Governance framework.

**European trade unions will push for and contribute to policy design, both at national and European level, that fully meet the objectives of the Council Recommendation** (full and effective coverage, adequacy and transparency) **in substantial terms, based on the ETUC ambitious vision of welfare**<sup>3</sup>. It is in this framework that the ETUC is now eager to contribute to develop a comprehensive approach and reforms able to ensure highly inclusive, solidarity-based, fair, equitable, effective, adequate, and sustainable pension systems. Pursuing the definition and establishment of minimum standards of social protection will be a crucial part of this highly inclusive approach.

Pursuing such an approach means to tackle the priorities identified by the ETUC as crucial for “ageing in dignity”:

- Filling the gaps in access to social protection by ensuring formal mandatory coverage *equally* to all workers and self-employed taking into account the specificities of national systems
- Improving labour market integration and quality of work, to allow the effective accrual of adequate pension benefits - in particular tackling the gender pay – and consequent – pension gap, thus contributing to systems’ sustainability
- Ensuring adequate public pensions via predictable and coherent reforms, which also ensure the preservation of pensions’ purchasing power

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<sup>3</sup> As widely stated in the ETUC resolutions and positions on welfare and social protection systems from 2015

- Ensuring income security to all citizens and residents, without discrimination, with highly inclusive and adequate schemes, combined with active labour market policies and boost to public employment services
- Guarantee high quality and universal public health and accessible long-term care as integral part of social protection systems
- Engaging in adequate and appropriate allocation of public spending in order to provide the necessary resources to the concretisation of these rights.

The recently approved project “**ETUC SociAll – Social protection for all**” aims at providing expert resources and developing a knowledge-based methodology for trade unions to contribute to pension policy making.

The action will imply country-based research, founding trade union policy recommendations to achieve universal, effective and adequate pension rights for all. Thanks to a strong coordination, the European dimension will build upon the national level evidence, via comparative analysis, in a view of upward convergence.

The ETUC and its affiliates will collaborate and provide mutual support, establishing coordinated actions at both European and national level, in order to:

- ✓ Contribute to the realisation of the rights-based approach stated in the EPSR (in particular principles 12 and 15),
  - Empower trade unions to actively participate in the implementation of the Recommendation’s objectives in social protection and pensions
  - Identify the challenges, given the economic, social and legislative background, in achieving the EC Recommendation’s objectives (based on ETUC ambitions) at national level
  - Gather national data, elaborated in the critical trade union view, and sound scientific evidence, linking the discourse on access to adequate pensions with evidence concerning labour market integration, labour legislation, collective bargaining coverage, and wage levels at Member State level
  - Formulate tailored proposals to support universality, adequacy, effectiveness and sustainability of pension systems, to be addressed to governments, social protection institutions and social partners (legal, political, economic fields) at national level
  - Detect paths for the implementation of EPSR objectives and upward convergence at European level whilst taking into account different national backgrounds
- ✓ Strengthen the capacity of trade unions to promote the achievement of the EPSR objectives through the European Semester, thus:
  - Deliver policy recommendations to the EU institutions to ensure the objectives of the initiatives are pursued in European policy making, coherently with evidence at national level
  - Foster a better understanding of the approach to social protection and pensions in a European social and economic dimension
  - Provide inputs to the different phases of the Semester cycle, as for the ETUC Semester toolkit, consistent with the directions indicated by the ETUC on social protection and the EPSR
  - Assess the consistency between national realities and the reforms triggered by the past European Semester Country Specific Recommendations,
  - Support ETUC demands to amend the European economic governance approach to pensions for the benefit of a right to “age in dignity”

The ETUC project actions, tackling both the national and the European level, will be implemented with the active involvement and under the supervision of the ETUC Social Protection Committee.

The ETUC secretariat asks the Executive Committee to adopt the Resolution to pursue the identified priorities with specific respect to those pertaining to pensions, via collaborating with the development of the project actions.

*Annex: PPT ETUC SociAll*