ETUC
FOR GROWTH AND SOCIAL PROGRESS

ETUC Package for Early Stage Consultation on Semester 2020
EXECUTIVE SUMMARY

Now that the European Elections have passed, it is time for the EU to deliver social progress in the upcoming legislative period; boosting investments for quality jobs and green transition is a top priority. ETUC demands the new President of the EU Commission, Mrs. Von der Leyen, and all the Commissioners, to realise an ambitious, socially and environmentally friendly work programme to achieve sustainable growth and quality jobs.

Member States are called on to strengthen the conditions that support wage growth through collective bargaining, respecting the role of social partners, to address labour market segmentation and ensure adequate social protection systems; and to address disparities in the education and training systems across the euro area. Labour transitions need new rights for workers; active labour market policies and investments in skills to safeguard stability of employment are required.

In order to achieve these targets, the implementation of the European Pillar of Social Rights (EPSR) is crucial. However, without a proper “fiscal room” for social reforms and investments, it is unlikely to happen. The ETUC is convinced that the current economic governance framework, and in particular the fiscal criteria of the Stability and Growth Pact (SGP) and the Fiscal Compact, is an excessive burden on public finances, slowing the way toward social progress and environmental neutrality. The proposed evaluation of the 6- and 2-pack are the ideal occasion to review the current fiscal criteria of the SGP, in order to make them more growth-friendly.

The ETUC welcomes European Commission President-elect Ursula von der Leyen’s pledge for a ‘Green Deal for Europe’, but this must integrate all dimensions of sustainability: social, economic and environmental. The Semester 2020 should mobilise a significant budget and investment plan to meet the climate goals recommended by science, mobilising new, not reallocated, funds. It should prioritise social justice and implementing the Pillar of Social Rights and the United Nations’ Sustainable Development Goals ought to form the foundation of EU policy.

At the beginning of a new European Semester cycle, there must be more room for increasing public expenditure for a green and social agenda. It is opportune to increase investments and relaunching a social policy that reinforces wage growth, increases labour productivity, creates opportunities for quality jobs and ensures adequate social protection to workers and their families. The ETUC reiterates the demand for a methodical relaxing of fiscal requirements for a revision of fiscal rules in order to privilege investments. This would trigger selective investments, urgently needed in the perspective of a new Green Deal and a just transition in the digital era, as well as for creating quality jobs and implementing the EPSR through some concrete actions (directives, framework agreements, recommendations) that combine harmonisation of rules and upward convergence of working and living conditions of all Europeans.
The European Commission continues its efforts in dialogue with social partners. Trade unions need to also be heard on all policy areas that have an impact on jobs and their quality thereof, such as the fiscal, industrial and tax policies. Country Specific Recommendations must continue supporting social dialogue. The latter is an overarching policy structure enshrined in the EU Treaties. It may provide a higher level of democratic legitimation to the European Semester.

The Macroeconomic Outlook

The slowing of growth levels of the EU economy is a source of major concern. While most EU Member States are set to register a growth over 2019 and 2020, the GDP growth contraction of EU major national economies may offset the average moderate growth in other EU countries. The international context may worsen, thus injecting new risks to the stability of the Euro Area. After years of unconventional monetary policies, the ECB may have too little space for manoeuvring to sustain the economy, without exacerbating distortive effects on household positions in surplus and deficit countries. The monetary union cannot rely on stabilisation mechanisms and the expected GDP growth will not be sufficient to address complex challenges, such as demography.

Private consumption is contributing less than expected (even if more than in past years) to internal demand. Productivity trends are not supportive of wage growth. Wage increases remain subdued. This is predominantly due to competitiveness policy based on low labour costs and lack of public investments, especially in R&D, technology and skills. Productivity is a key issue since the EU will likely experience labour market shortages caused by shrinking or ageing of the population and reduced supply of work. This is also linked to a different management of working time, increasing workers’ time sovereignty. Progress in productivity must be geared towards sustainable development.

The ETUC proposes that the new legislative cycle starts with a medium-term development strategy that includes a revision of the Stability and Growth Pact (SGP), the Fiscal Compact and a proposal for the post-EU2020 Strategy. The former should give momentum to public and private investments, supported by a continued accommodating monetary policy by the ECB and renewed benchmarking of public expenditure and revisiting of the debt rule. While the EU2020 strategy is coming to an end, it is difficult to understand if a new economic and social development agenda will be put forward. A new, ambitious European agenda is essential. The ETUC considers very important that the ECB promotes "green Eurobonds with the aim of encouraging investment in the circular economy and promoting growth, development and quality employment". Eurobonds as an EU funding instrument for European social infrastructures.

ETUC considers that the UN2030 Agenda is a policy framework that, tailored to the EU reality, with ambitious targets, provides a comprehensive model for the development strategy of the EU over the next 10 years. Coordinated with the EMU governance reforms, the European version of the UN2030 Agenda should reinforce the social and environmental dimension in a way that economic growth will be achieved by taking into consideration the effects it has on environment, on inequalities and on wealth distribution.

The UN2030 Agenda should bind the EU and its member states to fairer and progressive taxation systems. Since many of the SDGs require strong public
infrastructures and services, increasing tax income tax is a priority. As the social scoreboard demonstrates, governments’ expenditure for social protection and public investments is declining and national gaps are deepening. An improved tax collection system should aim at reducing fraud, tax evasion, and tax avoidance, especially among small businesses and multinational companies, along the supply chains, and digital business models. Tax collection should also be improved among multinational companies, whose capacity to avoid taxation is costing billions of Euro discharged on wage earners. The implementation of a Common Consolidated Corporate Tax Base for all EU businesses is a priority. A financial transaction tax would serve for purpose. Finally, all member states should coordinate their efforts to introduce fairer and progressive taxation systems that shift taxation from labour to less productive or less environmental-friendly assets. If operated at European level, measures having these features should increase tax income of national governments, increase social justice and provide room for quality public services and infrastructures. It should also facilitate an increase of the EU budget so as to reap the benefit of the EU added value of investments and coordinated reforms for social progress.

Investments

The Semester 2020 should stimulate investments, which are declining in the manufacturing sector. In particular, industries are not investing enough in new technologies for a green transition. Excluded the construction sector, investment levels in the EU remain low. In view of a monetary policy that stimulates investment, availability of liquidity and low interest rates, investments are still remarkably below expectations. Urgent action is needed to reverse the decline with sustained above-trend increases in public investments, necessary to build and restore vital social infrastructure and create a drive for private investments.

Public and private investments should be evaluated against their capacity to create stable and quality jobs. Reforms aimed at curbing wages and labour costs have disincentivized private investments for innovation. Tertiarization of the economy, not supported by a growing and solid manufacturing industrial fabric, risks pushing workers into the lower segment of the labour market and into the poorer part of the technological transition such as the old economy performed through new instruments (such as platforms, GIG economy, share economy, etc.).

Net public investments, included those promoting an environmental neutral economy and implementing the EPSR, should be deducted from the deficit calculation for the purpose of the SDG. Similarly, to last year, the ETUC asks for a permanent “investment clause” that moves the fiscal stance from a neutral to a positive territory to build sustainable and inclusive growth.

Green and social investments can also be increased with European financial tools such as the upcoming InvestEU programme. The Commission wants to base this mostly on public-private cooperation, ETUC underlines its strong concerns to use public funds to underpin private sector contracts. The governance of projects that are based on blending finances will be crucial to maintain adherence to social returns, especially when such financial tools fund services of general interest. Public funding that is used to trigger private sector funding and especially when companies benefit from it needs to be linked

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1 Information on the InvestEU programme is available in more languages on https://europa.eu/rapid/press-release_MEMO-18-4010_en.htm
to conditionalities like tax transparency through public country by country reporting, the existence of a collective agreement, due diligence, and how the company contributes to reducing CO2 emissions. They cannot replace public investments in quality, accessible and affordable public services, which remain a responsibility of governments that should be enhanced through an increased expenditure for public investments. Only public services, like education, health care services and public long-term care services with more public funding can guarantee an equality of rights and access for all workers and can adequately respond to the demographic challenges.

**Investment in transnational projects and those that promote economic and social convergence are considered a priority.** Since the new President of the Commission has committed to a New Green Deal, Semester 2020 should start delivering tangible results in the fight against climate change and the promotion of circular economy, offering adequate protection and opportunities to workers affected by change. To ensure that investments are consistent with environmental and social sustainability, the sustainable development goals (SDGs) need to be considered as a binding investment framework.

**The new Multiannual Financial Framework should support the implementation of the European Pillar of Social Rights and the green transition.** The EU Budget and MFF 2021-2027 should be approved as soon as possible to avoid harming loopholes in funding, as well as increased in its overall amount in order to cope with the new challenges and tasks to be delivered. The social partners must be involved at both regional and national levels to maintain national and regional operational plans with the objectives of growth and social progress of the EPSR and of the UN2030 Agenda.

The ETUC calls on governments to:

- Increase public investments and establish a golden rule\(^2\), especially for green investments in order to boost the environmental and sustainable dimension of development;
- All investments of the EU should be tendered in line with the European Pillar of Social Rights;
- Increase the expenditure aimed at reducing poverty and inequalities, especially related to social protection, health services and long-term care, and education and training; giving priority to infrastructures and staff in order to increase accessibility and quality of services;
- Increase current public spending and guarantee better wages and improved working conditions in the public and private sector.

**Implementing The EPSR**

Two years after the adoption of the EPSR, there are no signs of convergence in working conditions. The single market evolves in a context of great disparities. **Inequalities in Europe are increasing everywhere.** The EU and its Member States are not progressing in their fight against poverty and of particular concern is the persistent deterioration and divergent dynamics of poverty among people depending on wages. The trade union movement should draw attention to the fact that in-work poverty is influenced by collective bargaining and its coverage rate. Collective bargaining, in countries pursuing upward wage convergence, is a remedy against in-work poverty. That

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\(^2\) The ‘golden rule’ of sound public finances, so that new public investment should be debt-financed, and deducted from deficit calculations
is why, for instance, we insist so much on having a legislative initiative that improves effectiveness and coverage of collective bargaining in all EU countries.

The ETUC requests that the European Pillar of Social Rights is implemented through an Action Plan, the drafting of which should involve social partners and include the legislative option to establish minimum common rights for workers; rights that neither the single market nor the economic and monetary union will be able to threaten or push downward. The economic governance and the EU Semester should establish policy frameworks that encourage Member States to improve working and living conditions of people, aiming for the higher existing European standards.

Wages

Disparities in the EU economy continue pushing down the purchasing power of mid-income households, mainly because of wage dynamics. In most countries minimum wages are increasing, but not mid-level wages, which is the main group sustaining demand in the economy and also supporting the social budget through social contributions. Collective bargaining in the single market remains fragmented and companies engaged in huge transformations make frequent use of (collective) dismissals, discharging on workers the burden of transition costs. Collective bargaining coverage does not show signs of improvement. Wage trends in the EU are not evolving in line with the golden rule “inflation + productivity” and surely not as required by the most recent broad economic guidelines and Country Specific Recommendations of the EU Semester. Moreover, in countries reporting increases in minimum wages, this does not seem to be enough to ensure convergence.

Upward convergence of wages requires a strategy that moves along 4 strategic axes:

1. Following the wage golden rule, together with a reinforced collecting bargaining system, while pursuing an upward convergence in wage levels;
2. Reinforcing effectiveness and coverage of collective bargaining;
3. Ensuring a living wage to all workers at least at 60% of the national median or average wage in a situation of positive dynamism of real wages;
4. Fighting the gender pay gap and all forms of discrimination in wage determination.

The oncoming legislative initiative on wages shall take these elements into account. A collective bargaining and wage scoreboard supports the ETUC strategies highlighting areas of underperformance in the four policy areas (see annex).

Gender pay gap is one of the great challenges of our times. There are countries where the gap is still too high (i.e. over 20%). The new Work-Life Balance Directive and the Recommendation on access to social protection will offer an opportunity for a more in-depth monitoring of policies that impact on gender-based discrimination. The announced legislative initiative on Pay Transparency shall address this problem further.

We ask that the next AGS promotes collective bargaining as the main driver for a positive wage dynamic that covers all employees. A European legal framework could surely help eliminate gaps in collective bargaining efficiency and coverage and create a level playing field that reinforces the social and economic performances of the single market. In particular, the EU Semester should take concrete steps to promote sectoral collective bargaining and extend and strengthen collective bargaining in the public sector.
The setting of minimum wages should be transparent and collectively agreed and, for statutory minimum wages, where they exist, fully involve social partners. It should ensure that minimum wages are nonetheless living wages for workers and their families, by verifying that in the long run there will be no employees paid at less than 60% of the median/average wage of their country, and take a firm step forward in the fight against discrimination and against in-work poverty.

**Poverty, Exclusions, And Social Protection**

**The ETUC calls for an urgent Anti-poverty action.** Impact of social transfers on poverty reduction is converging downward. Government expenditure in social protection still declines in the EU with divergent national dynamics. The ETUC continues to stress the need to improve accessibility and affordability of health services and quality of services provided and not just focus narrowly on cost efficiency measures. In this regard public investment is crucial, as the role of private providers risks to overinflate profits, and at the same time jeopardise access and affordability of fundamental rights, increasing inequalities within the society. It is urgent to create an EU strategy for long term care that protect people in need of care with better pay of care workers, training and career prospects, making the sector more attractive to workers, and fairly distribute responsibilities among the public sector, households, and within households, among its components.

**The implementation of the Recommendation on access to social protection is a key priority.** It is necessary to improve coverage, effectiveness and adequacy of social protection - especially of young people and self-employed. This implies that member States should adjust their national systems, having in mind the objectives of the Recommendations and of the EPSR. It means that member states are called to deliver factual improvements for the benefit of their citizens. In this regard, the ETUC stresses that it would be difficult to ensure effective and adequate entitlements of social protection without ensuring that all working people can accrue effective and adequate entitlements. The implementation of the Recommendation must go along with measures that improve coverage of collective bargaining and wage levels, that address lack of integration and segmentation of labour market, and that fights precarious working contracts, erasing social dumping of self-employed. This is even more necessary if we look at adequacy of entitlements whose sustainability and effectiveness is strictly related to access to work, continuity of career, more and better-quality jobs, equal and fairer allocation and more transparent governance of contributory obligations.

The ETUC supports the possibility put forward by President-elect Ursula von der Leyen to introduce a European unemployment reinsurance scheme.

**The Recommendation is meant to trigger the upward convergence process envisaged in the EPSR, and to do so coherently through the European Semester.** This puts additional responsibilities on Member States, the Council and the European Commission to define strategies and monitor progresses that the Open Method of Coordination cannot guarantee (as proved by past experiences). The trade union movement is expecting a change of pace in the efforts made by all concerned institutional actors and social partners, efforts that should lead the EU policies well beyond a mere coordination of policies based on benchmarking and exchange of practices. Effective social dialogue at national level will be crucial to keep the pursuit of the objectives of the
Recommendation high on the government’s agenda and ensure shared thus more effective reforms.

**Pensions remains under pressure** because fiscal requirements of SGP and CSRs in 2019 give prevalence to sustainability, envisaging restrictive measures impacting current pension systems. This in spite of the reiterated requests of trade unions to give priority to adequacy of pensions so that old age and pension incomes are protected in their purchasing power and can ensure living in dignity to all. The gender pension gap must be urgently addressed via legislative interventions that foster female employability, erase the gender pay gap, provide compensation for care duties. The sustainability of the pension adequacy rights stemmed by the EPSR must be pursued intervening on the improvement of the dependency ratio, providing more and better jobs. Minimum adequacy rights must be guaranteed to all, especially those who don’t have the possibility to accrue adequate entitlements through the life-course.

**UN2030 Agenda and EU Semester**

The EU needs to make a clear change towards sustainability and the Agenda 2030 of the United Nations ought to be the framework within which the EU sets out its targets and objectives for the next 10 years. In particular, the Agenda 2030 should set priorities for green and social investments. A mix of measures (e.g., revision of the SGP, InvestEU, structural funds, etc.) should boost investments under common EU objectives related to the UN2030 Agenda. Parameters should be introduced to ensure that a minimum level of investment will address climate change and introduce circularity into production cycles; and to invest beyond renewable energies into more decarbonized energies to achieve a fair social and environmental just transition.

Environmentally related challenges cannot win the support of people if people cannot rely on quality and well-remunerated jobs. It means that countries where the transition is deeper need a proportionate amount of resources to shelter workers against the negative effects of the transition they suffer on.

The ETUC welcomes the initiatives proposed by the next Commission President Ursula von der Leyen, putting forward a strategy for green financing and a Sustainable Europe Investment Plan, including turning parts of the European Investment Bank into Europe’s climate bank (25% of its total financing dedicated to climate investment – to be doubled by 2025). However, if we want to fight climate change properly, the proposed amount for a **Sustainable Europe Investment Plan, €1 trillion of investment over the next decade**, seems feeble.

The ETUC demands a semester focused on ecological transition and social cohesion, and more democratic macroeconomic governance. We need massive investment in public transport, sustainable agriculture and renewable energies. These investments have to be integrated and monitored in the Semester process, especially in the Country Specific Recommendations.

**Social Dialogue and TU Involvement**

**Trade unions are not consulted as they should.** The European Commission continues its efforts in dialogue with social partners. This dialogue is effective however limited to policies that are strictly related to employment and labour market. Trade unions need to
also be heard on other policy areas that also have an impact on jobs and their quality thereof, such as the fiscal, industrial and tax policies.

National Governments are reluctant to involve social partners in relation to the milestones of the Semester. For the third year in a row, the TU Involvement Index of the ETUC in 2019, covering 22 countries, has drastically reduced the number of good practices. Governments do not implement recommendations (either CSRs or EMCO conclusions) aimed at consulting social partners and promoting social dialogue.

In view that soft law instruments are delivering poor results, the ETUC considers that the time is ripe for an EU rule that establish the right of social partners to be consulted at national level. In the meantime, the following measures can improve social partners’ involvement:

- Improving national EU missions, also in cooperation with the European social partners;
- Investing in capacity building for social partners;
- Reinforcing recommendations on social partners’ involvement in less performing countries

Country Specific Recommendations aimed at supporting social dialogue in countries where it does not exist are welcome. However, social dialogue is an overarching policy structure enshrined in the EU Treaties. It has to be promoted and supported beyond the economic governance and cannot be subject to the boundaries of the SGP or of the Fiscal Compact. Indeed, social dialogue may provide a higher level of democratic legitimation to the European Semester, if social dialogue is autonomous, independent and supported by adequate legal frameworks.
ANNEX 1

ETUC inputs for the Joint Employment Report 2020

Adopted at the Executive Committee meeting of 22-23 October 2019
LABOUR MARKET AND QUALITY OF JOBS

The employment rate is increasing but there is no sign of convergence in terms of quality of employment. An efficient labour market in all EU countries is of benefit for EU citizens. An efficient labour market includes the capacity to offer quality working contracts to workers. The ETUC sustains that quality employment should entail the following principles:

- Fair wages;
- job security through standard employment and access to social protection;
- lifelong learning opportunities;
- good working conditions in safe and healthy workplaces;
- reasonable working time with good work-life balance; and
- trade union representation and bargaining rights.

The only convergence that countries are showing is that for unemployment levels.

Quality of employment is strictly linked to Life-Long Learning opportunities. Several Member States received recommendations on skills, vocational educational reforms and Life-Long Learning that should now be followed up. The growing number of digital services are now suffering the lack of digital skills of the EU citizens using them, and adaptability and employability of senior workers. Investments in skill are necessary to support the ecological transition.

Countries record different capacities to bring long-term unemployment back to work. Long-term unemployment has been almost halved during the last five years, however showing little sign of convergence so far. The same non-convergent dynamics can be recorded for participation in activation measures.

Quality of employment of young people is often neglected. While youth unemployment is declining (but still at high levels, especially in southern east countries), young workers suffer from low wages, lack of recognition of the level of qualification, precarious working contracts and poor access to social protection. NEETs are declining overall in the EU but still with huge differences between countries.

Health & Safety at work should be a key priority and needs more effective eMonitoring tools. The Social Scoreboard does not monitor development of rights at work (Chapter II of the EPSR) as well as Goal 8 European indicators (the ETUC supports the ITUC campaign Time for 8). Indicators concerning accidents at work, occupational diseases, casualties and injuries are on the increase in many countries. It shows that the current legislative framework at EU level does not protect workers from downward pressure on H&S conditions in some parts of the single market. The enforcement of legislative measures through the support of the labour inspectorate and the promotion of health and safety representatives should go hand in hand with monitoring of policy frameworks in the Semester.

The gender employment gap is converging upward even if the gap in part-time arrangements persists. The pay gap remains high all over Europe. Therefore, while employment trends have a positive impact on the employment gap, women seem to
remain more exposed to precarious work and lower pay compared to male colleagues. The European Semester may achieve upward convergence but should be supported by a new legislative framework that removes pay-gaps. Also it is necessary to have a quick implementation of the Work-Life Balance Directive, with a stronger coordinated action of member states to finance work-life balance instruments, including a childcare guarantee.

The ETUC asks to set up EU investment tools and active labour market policies by 2020; this would support workers in sectors facing technological change and mitigate disruptive effects of technological and green transitions. This should include initiatives towards a digital single market that is respectful of workers, their rights (to data protection, to disconnect, and to information, consultation and participation) and their working environment and conditions. In some EU Countries, the pay gaps are largest when comparing situations of stable and precarious workers. The semester 2020 should ensure equal pay for equal work, improve working conditions and access to social & labour rights for non-standard workers, including for platform workers, and to give self-employed and freelance workers the right to organise and bargain collectively, if necessary, adapting the EU Competition law. The Semester should encourage the use of standard forms, to avoid the introduction of even more precarious regimes, and giving a better chance to effectively manage incentives to work and ALMP.

There is no upward convergence of collective bargaining coverage and this is a major source of discrimination among workers in the EU. Collective bargaining coverage must be increased either to promote national and sectoral agreements or enhancing the capacity of collective agreements to provide protections to new form of work on the workplace and in the labour market (riders, interns, economically dependent self-employed, temporary workers, platform workers).

The ETUC calls on the European Commission to continue supporting young people in their transition to the labour market by maintaining and strengthening the Youth Guarantee (YG) programme or turning the YG into a permanent instrument to fight youth unemployment and inactivity. YG will need more financial resources, and more social partners involvement at national level in the design, implementation and evaluation of these schemes. The possibility of a transnational Youth Guarantee (linked with mobility and migration) should be explored.

Another loathsome area of discrimination concerns the immigrant population. Country reports regularly monitor the labour market position of immigrants. Some countries are introducing restrictive measures excluding asylum-seekers with a work permit from labour market activation measures, thus hindering their opportunities to find a job. It will only weaken the position of third-country nationals on the labour market and will create unfair competition on the labour market, especially for the lower wage segment.

The Semester should also consider the level of enforcement of EU laws and social rights, considering that during the crisis the budget of the enforcement institutions were severely cut and have not recovered yet. Inspectorates and controlling institutions require well equipped and trained staff, and sufficient resources need to be allocated from the public budgets.
ANNEX 2

ETUCE education priorities for the AGS 2020

September 2019
ETUCE education priorities for the Annual Growth Survey (AGS) 2020

September 2019

The latest cycles of the European Semester\(^1\), have placed a significant emphasis on the education sector. The European Trade Union Committee for Education (ETUCE), the voice of 132 member organisations representing 11 million education workers, recommends that the following challenges and policy priorities be addressed in the 2020 Annual Growth Survey:

Free, universal, quality, public education is central to the full realization of the UN 2030 Agenda for Sustainable Development, the European Pillar of Social Rights, and the UN Universal Declaration of Human Rights. It also helps to foster shared economic prosperity and to counter widespread social distress and dissatisfaction towards democratic structures in the EU. A decade-long focus on tight public finances and on faith in the market to serve society efficiently and effectively is eroding the capacity of public education, to enhance fairness in the development of economies.

Recent data from the OECD (2019) and Eurostat (2019) confirm that the lasting impact of investment cutbacks in education have been severe and that increases have not yet caught up with Europe’s limited economic growth. Between 2010 and 2016, across OECD countries, public investment on educational institutions as a share of the Gross Domestic Product (GDP) decreased an average of 8% for non-tertiary levels and by 4% at tertiary level\(^2\), despite the commitments made by the Heads of state or government in 2017, at the margins of the Social Summit for Fair Jobs and Growth held in Gothenburg launching the European Education Area, to raise education investment levels. Similarly, Eurostat\(^3\) reports education expenditures as a percentage of the GDP falling from 5.2% in 2009 to 4.6% in 2017 in the EU and from 5% to 4.5% in the Euro area. Record low levels of investments are reported in Romania (2.8%), Ireland (3.3%), Bulgaria (3.6%), Slovakia, Italy (3.8%), and Greece (3.9%).

The Stability and Growth Pact (SGP) focus on deficits has undermined future-oriented investment in public education and research, with the risk of damaging current and future generations as well as Europe’s overall growth potential. The dangers of underinvestment in public education and basic research are clear: fewer skilled and less productive workers, lower productivity, and more limited personal and social development. This means lower overall living standards, a sharp rise in inequalities, an increase of social exclusion and an expansion of poverty and at-risk-of-poverty rates.

According to the OECD\(^4\), many educational systems are increasingly relying on the private sources of funding to compensate for setbacks in public investment. Between 2010 and 2016, across OECD countries, the share of private spending increased by 3 percentage points, while the share of public spending fell by about the same amount, with Estonia, Portugal, Spain and the UK increasing private support by more than 5% in that period of reference. Students and their families are the main source of private funding, raising major concerns

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1 Stevenson, H. (2018), The European Semester: an analysis of the 2017-2018 cycle, European Public Service Unions, University of Nottingham, European Social Observatory and ETUCE.
about equity in access to education. However, private involvement in the provision of education in the forms of private operation of public schools, education vouchers or scholarships and/or delivery of education by private providers indicate an increased reliance on the market rather than on public institutions subject to democratic control, to deliver public goods for society.

Policy shifts towards liberalisation and deregulation, the dominance of economic prerogatives over educational objectives, and promotion of reforms focusing on the marketable aspects of education and imposing commercial market standards and practices on public education institutions are endangering the ability of European countries to cope with domestic, regional, and global challenges. Shared economic prosperity, innovation and productivity, high living standards and quality employment need skills to adapt to future innovation-intensive jobs, including creativity, acceptance of diversity, ability to work with others and many other competencies. Public education is a counter-cyclical force to division in society in its ability to foster mutual understanding and social integration.

The creation and transmission of knowledge through research and innovation is an important engine to advance productivity and future growth. Almost all innovation rests on publicly funded basic research, then transmitted to industry to develop economically and commercially viable products. Underinvestment from the public sector, reform pressures to better align university outcomes and governance to the needs and wishes of business, as well as financial incentives to steer research, and therefore funding, to business priorities can undermine academic freedom, as well as the ability of universities as collegial bodies to foster basic research, including in such areas as the environment and social sciences, with the potential to curb long-term benefits for society and the economy.

The lack of equity in education, in the long term, perpetuates exclusion, segregation and marginalisation. Discriminatory factors have not been addressed adequately as shown by the OECD-PISA/Social Scoreboard indicators. Socio-economic status remains associated with significant differences in performance in mathematics, reading, and science. On average across OECD countries, 12.9% of the variation in student performance is associated with socio-economic status, with recorded above-average variation levels in France, Hungary and Luxembourg (20%). Migrant and refugee students are more than twice as likely as non-migrant students of similar socio-economic background to underperform.

With existing and expected teacher shortages in more than two-thirds of EU countries, the sustainability of education systems is in danger. Unattractive compensation and working conditions, limited career prospects, high-stake accountability, limited professional autonomy, and inadequate or insufficient initial education and continuous professional development programmes are among the main causes for the lack of attractiveness of the profession. Rural-urban and geographical divides within and between countries contribute to the teacher recruitment and retention crisis, especially in disadvantaged areas.

Policy priorities:
- Reverse the decade-long trend of decreasing investment by increasing public investment in education and training to address inequalities in access to and provision of quality education and training;
- Revise the Stability and Growth Pact rules to allow for an EU fiscal framework that excludes from the calculation of the deficit and debt levels future-oriented
education, training and basic research investment;

- Expand the revenue base to allow public investments, including through more effective tax collection, the control of tax fraud, corporate tax evasion and avoidance, as well as by imposing and enforcing rules to reduce fiscal dumping and financial speculation across and beyond Europe;

- Safeguard the public provision and governance of education systems from the influence of private sector investment and actors;

- Boost public investment in basic research and protect democratic collegial governance of universities and higher education institutions from the influence of private parties;

- Orient EU education and training funds towards reducing inequalities in educational access and opportunities according to the principles of solidarity between countries;

- Focus on equitable and quality, all-inclusive education and training systems through targeted measures focusing on the most disadvantaged, including migrant and refugee children;

- Develop comprehensive, holistic education investment and reform from early childhood education to university;

- Educate for sustainable development: develop a future-oriented, sustainable approach to skills, knowledge and competencies to foster understanding, stimulate critical thinking and social integration, and create a stable and secure environment in which the fruits of economic growth are more equally shared;

- Provide teachers with resources, tools, and professional space to make the profession more rewarding and attract talented people to it;

- Ensure real participation and consultation of education personnel and their organisations in the development, implementation, monitoring and evaluation of education policy.

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6 European Commission (2018), Teaching Career in Europe, Eurydice report
The ETUC is the voice of workers and represents 45 million members from 89 trade union organisations in 39 European countries, plus 10 European Trade Union Federations.