



# ETUC's DECENT WORK & SUSTAINABLE GROWTH INDEX

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**BRIEFING NOTE**



# KEY MESSAGES

1. No EU country has yet a sustainable and fair economic model and the EU as a whole is making 'very slow' progress on decent work;
2. In 2019, 10 countries are still below the 2010 EU average, including those most hit by austerity;
3. There is a trade-off between the EU's development model and climate targets;
4. EU member states can create a greener and more digital future investing RRF funds in social justice, people and jobs;
5. EU member states should profoundly reform the Economic Governance Framework to support sustainable well-being and inclusiveness.



# THE EU'S DEVELOPMENT MODEL IS FAR FROM BEING SUSTAINABLE AND FAIR

Decent work and sustainable growth are one of the United Nations' Sustainable Development Goals which the EU signed-up to in 2015. The report prepared for the ETUC by highly respected Italian Institute ASviS, led by Professor Enrico Giovannini (now appointed Minister in the new Italian Government), measures progress towards the goal on three measures: economic wellbeing, employment quality and labour vulnerability (merged also into one overall index). ETUC has found that economic wellbeing has got worse in the EU since 2015, while the situation has barely improved when it comes to employment quality or labour vulnerability.

Group	Countries	2010	2019	Score Variation
Best in Class	Netherlands	107,9	109,6	1,7
	Denmark	107,4	109,5	2,1
	Finland	106,8	109,4	2,5
	Sweden	107,1	109,2	2,1
	Austria	103,1	108,5	5,4
	Belgium	104,9	108,5	3,6
	Slovenia	104,6	108,1	3,4
	France	103,4	106,1	2,7
	Germany	102,3	105,9	3,6
	Luxembourg	104,9	105,0	0,1
Track Riders	Malta	96,7	103,2	6,5
	United Kingdom	101,6	102,5	1,0
	Czech Republic	97,3	102,4	5,2
	Hungary	97,1	102,0	4,9
	Estonia	97,0	101,9	4,9
EU avg	EU 28	100,0	101,8	1,8
Lower than EU avg	Ireland	99,6	101,7	2,1
	Slovakia	96,6	101,5	5,0
	Lithuania	93,9	100,5	6,6
The 10 years behind	Poland	94,0	99,8	5,8
	Croatia	95,3	99,3	4,0
	Cyprus	97,4	99,3	1,9
	Latvia	92,4	98,9	6,6
	Portugal	95,2	97,6	2,4
	Spain	94,9	97,1	2,2
	Italy	94,5	94,8	0,3
	Bulgaria	89,7	94,7	5,0
	Romania	87,4	90,8	3,5
	Greece	90,8	89,7	-1,1

LEGENDA	
Category	Score
Decent & Sustainable	120 > 130
Frontrunners	110 > 120
Best-in-class	106 > 110
Track Riders	EU avg > 106
EU avg	EU avg
Lower than EU avg	Under 2019 EU avg
The 10 years behind	Under 2010 EU avg

Category	Score Variation
	≥ 5 pts
	+ 3 > 5 pts
	+ 1 > 3 pts
	+ 0 > 1 pt
	< 0 pts
	< - 3 pts
	< - 5 pts

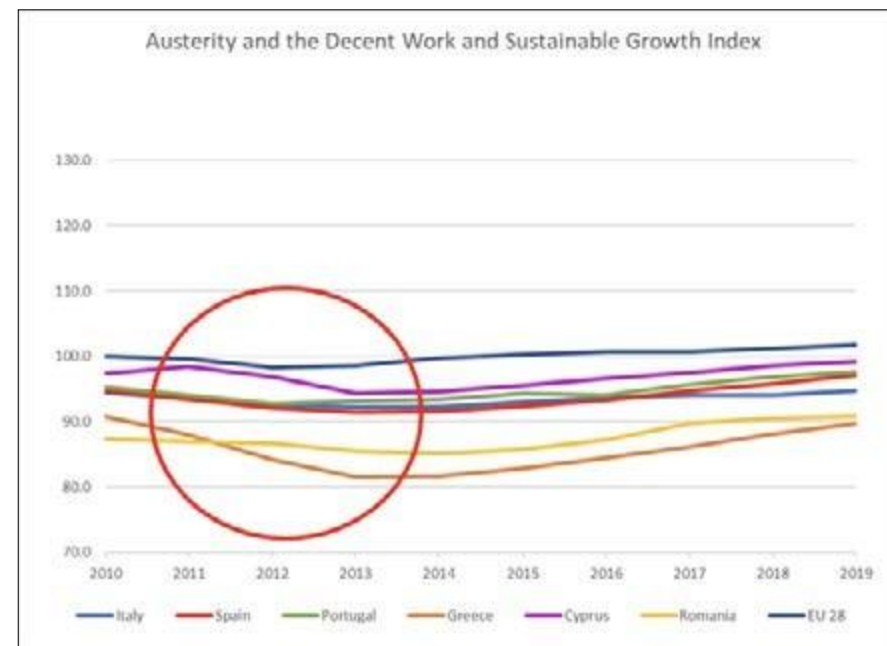
Despite being a leader in the global perspective, the European development model itself is far from being sustainable, is not sufficiently inclusive and fair, and is not fully compatible with environmental constraints. Also, it has made little progress in recent years, with some countries that have even gone backwards.

As one can see from the table on the left, no EU member state reaches the two top categories (“Decent & Sustainable” and “Frontrunners”).

The best performers only feature the “Best-in-class” group as they score fewer than 110 points. Also, best-in-class are quite close to the EU-28 average – with the Netherlands, top of the chart, which performs just 8 points (slightly more than 10%) better than the EU average.

# AUSTERITY HOLDS BACK LESS FAIR & SUSTAINABLE COUNTRIES

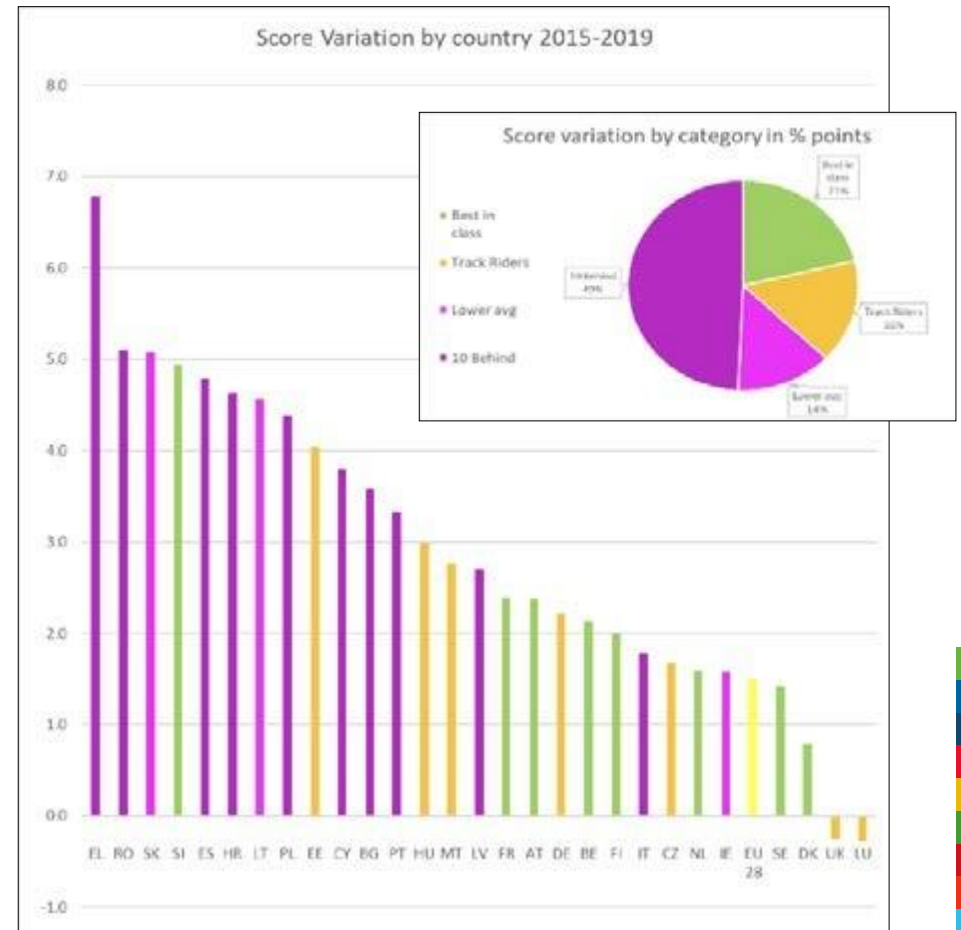
However, the most astonishing data comes from the lowest end of the table, featuring a total of 13 countries. Here, one can see that 3 countries are a few decimals shy to the current EU average while 10 member states score even worse than the 2010 EU average – basically, they are 10 years behind! Looking at these countries it is easy to split them in two groups: a first one featuring countries with a transitional economy background (Bulgaria, Croatia Latvia and Poland) and a second group gathering those member states that were most hardly hit by the austerity measures imposed by the so-called Troika (Cyprus, Greece, Italy, Portugal and Spain) – plus Romania fitting in both of them. The graph on the



right visualises the evolution of the Index scores of the “Austerity Club” countries through the period 2010-2019. It clearly shows how the austerity policies and the double-dip recession (2011-2013, highlighted by the red circle) negatively affected the capacity of these member states to move forward a more sustainable and fairer economic model. Austerity impacted performances of these countries, preventing them to catch up with the rest of Europe and condemning them to remain in the lowest end of the EU28.

# EU URGENTLY NEEDS A GAME CHANGER TO ACHIEVE DECENT WORK AND SUSTAINABLE GROWTH

Given their relatively low scores, all EU countries have still a lot to do. Indeed, as the graph below on the left tells us, better performing countries struggle to improve themselves while member states with low performances are not able to improve as much as needed to catch up with the highest end of the group. The graph above on the right make it more explicit. Here, one can see that, over this period, most progress was made by worst performing member states that account for 63% of the total improvement – though their results are still poor. It is not a mere coincidence that these countries restarted climbing up their path since 2015, i.e. since the Juncker’s Commission made use of the flexibility within the Stability and Growth Pact and promoted some more balanced and more social policies (culminating with the proclamation of the

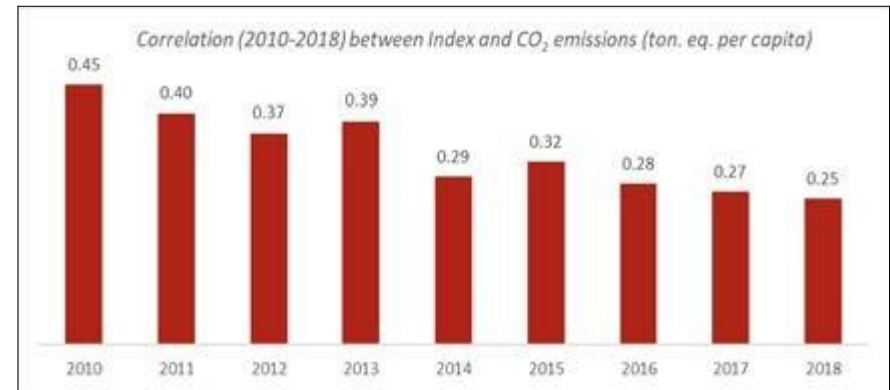
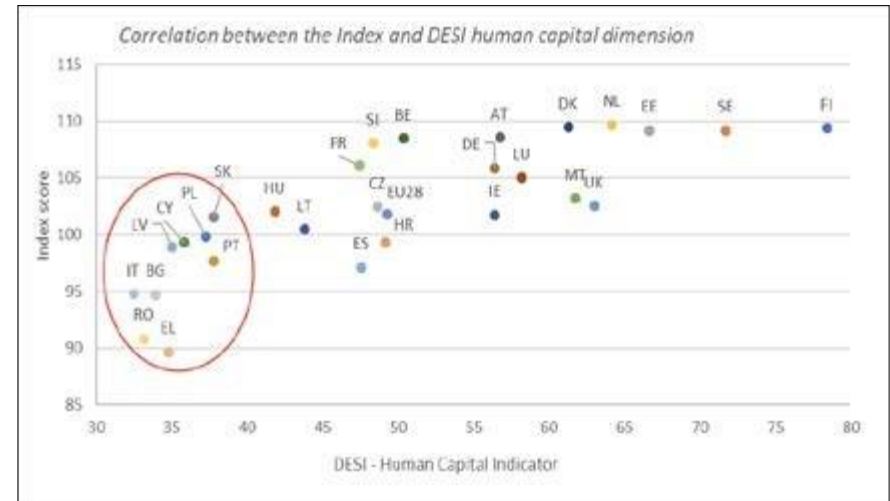


European Pillar of Social Rights in 2017 and the adoption of the European Green Deal in 2019). The loosening of fiscal constraints allowed those member states to get back on track, at least until the Covid-19 pandemic broke out.

# THE EU'S DEVELOPMENT MODEL NEEDS ALSO TO BECOME GREENER

Such an urgent need for a game changer is well highlighted also when crossing the index scores with CO2 emissions (used as a proxy for SDG 13 on climate change). There is a trade-off between the EU's development model and climate targets – though its magnitude is decreasing over time, as shown by the graph below. This means that each 1-point progress up the index scale may potentially cost a 0.25% increase of CO2 emissions (against an almost double value at the beginning of the last decade)

Host of “mature” EU countries prove to be able to keep these two dimensions together, while other countries (i.e. Italy, Spain Portugal and Eastern Europe) are characterized by a persistent

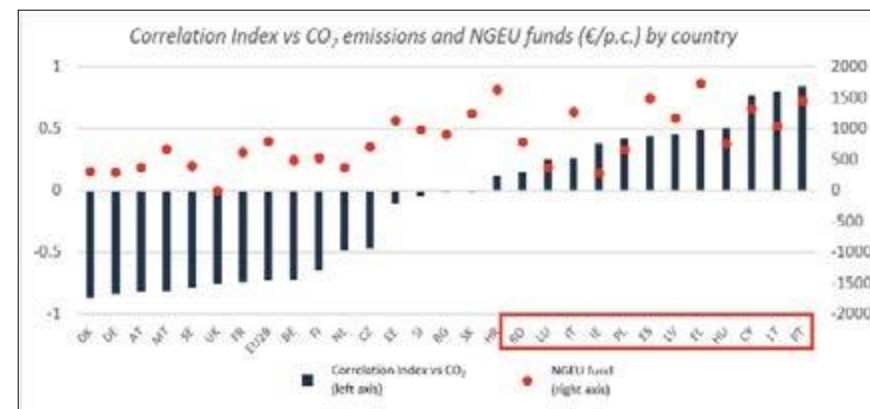


trade-off between the Decent Work and Sustainable Growth Index and the environmental dimension (see the graph below). In a nutshell, too many EU countries have not yet been able to strike the balance between economic development and environmental sustainability.



# THE NEXT GENERATION EU IS A POSITIVE STEP FORWARD

The picture stemming from the above chart and graphs clearly tells us that policies adopted so far are not enough to radically change our development model, making it fairer and sustainable. In this context, the resources made available by the Next Generation EU programme<sup>1</sup> become crucial to soundly improve the development model. EU member states are called to make the best use of the Recovery and Resilience Facility and other funds to massively invest to address the green and digital transitions while empowering social resilience, thus materialising a People's Recovery. As shown by the graph on the right, the allocation of funds made by the Next Generation EU seems to be well calibrated to finance countries which need it most. On average, countries with a stronger trade-off between sustainability and environmental targets will indeed receive more resources for investing to transform their production system.




Looking at the previous graph (on CO2 emissions) and the following one on the digital skills of Europeans (i.e. the human capital indicator of the Digital Economy and Society Index, DESI), it is easy to realise that the burden of austerity played a major role to maintain the divide between worst and best performers in terms of transition toward a greener and more digital economy. Indeed, Greece, Italy, Spain, Portugal and Romania – included in the red bar and circle in the two graphs – are among those that perform worse in both fields<sup>2</sup>. Austerity prevented member states most in need to spend in strategic public investment as much as needed, thus creating a vicious cycle. The lesser investment, the more difficult to close the divide, so leaving economies and societies struggling to undergo the necessary change.

<sup>1</sup> For the purpose of this note, the resources taken into account include: (i) Recovery and Resilience Facility Grants; (ii) REACT EU; and (iii) Just Transition Fund. Source: European Commission, calculations: ASviS.

<sup>2</sup> Exception made for Spain which performs slightly better with regards to the DESI index and is close to the EU average.

# THE LONG-AWAITED OVERHAUL OF THE ECONOMIC GOVERNANCE FOR RESHAPING THE FUTURE



However, the extraordinary and temporary impetus provided by the RRF and other recovery instruments will not be enough to have a long-term impact and to thoroughly reshape Europe's economy.

In that regard, the Action plan implementing the European Pillar of Social Rights moves in the right direction and will be able to drive the green and digital transformations if it will deliver a tangible impact on people's well-being, inclusiveness of the labour market and social protection systems, as well as by tackling vulnerabilities of most disadvantaged groups.

EU leaders should also exploit the current political momentum to profoundly reform the Economic Governance Framework so to ensure that new rules allow expansive fiscal and economic policies to Framework to support sustainable well-being and inclusiveness and to achieve a fairer and greener future.

# A CLOSER LOOK TO WHAT MAKES THE EU UNFAIR AND UNSUSTAINABLE

As explained above, the ETUC's Decent Work and Sustainable Growth Index monitors and ranks the degree of achievement of the Goal 8 objectives by EU member states. The index is based on 3 composite indicators corresponding to: (i) the economic well-being, related to economic performance and living standards; (ii) the employment quality, related to labour market output; and (iii) the labour vulnerability, related to labour market outcomes. Below are the results from these 3 dimensions.



# THE ECONOMIC WELL-BEING DIMENSION

The economic well-being composite indicator is conceived to monitor sustainable progress for all and growth is not an aim in itself. In this perspective, we believe that what is most important is the capacity of a society to fairly share the wealth produced, by providing high living standards to today’s workers and citizens while investing to provide the next generations with enabling conditions to still improve their life. For this reason, going “beyond GDP” needs a set of indicators able to reflect the complexity of the reality of a country in a more reliable manner.

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Decent & Sustainable	120 > 130
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Best-in-class	106 > 110
Track Riders	EU avg > 106
EU avg	EU avg
Lower than EU avg	Under 2019 EU avg
The 10 years behind	Under 2010 EU avg

Category	Score Variation
	≥ 5 pts
	+ 3 > 5 pts
	+ 1 > 3 pts
	+ 0 > 1 pt
	< 0 pts
	< - 3 pts
	< - 5 pts

Group	Countries	2010	2019	Score Variation
Frontrunners	France	104.7	112.0	7.3
	Belgium	105.9	111.5	5.6
	Netherlands	107.8	110.8	3.0
Best in Class	Austria	100.9	109.6	8.7
	Slovenia	104.1	109.5	5.4
	Denmark	103.0	107.9	4.9
	Sweden	106.3	106.6	0.3
Track Riders	Ireland	104.7	105.5	0.8
	Slovakia	101.3	105.4	4.1
	Germany	100.3	104.6	4.3
	Czech Republic	99.5	104.5	5.0
	Luxembourg	104.2	102.1	-2.1
	Hungary	101.8	101.9	0.1
	Cyprus	98.7	101.9	3.2
	Malta	96.8	101.2	4.4
	Croatia	93.0	100.9	7.9
	Poland	93.7	100.6	6.9
EU average	EU 28	100.0	100.2	0.2
The 10 years behind	United Kingdom	99.0	99.1	0.1
	Estonia	99.0	98.0	-1.0
	Italy	95.0	97.6	2.6
	Greece	91.3	97.2	5.9
	Lithuania	92.6	96.8	4.2
	Portugal	91.7	96.6	4.9
	Spain	95.1	96.5	1.4
	Latvia	91.8	95.6	3.8
	Bulgaria	89.8	89.4	-0.4
	Romania	83.9	85.9	2.0

# THE EMPLOYMENT QUALITY DIMENSION

The concept of employment, per sé, too often lends itself to an interpretation only looking at the mere “economical” side of the picture. On the contrary, our employment quality indicator is conceived to put together the quantitative and qualitative aspects, thus ensuring a better compatibility with priorities of the SDGs. This indicator monitors the employment and unemployment rates, alongside the inclusiveness of a country’s labour market and the access to collective bargaining (which ensures better working conditions through social dialogue).

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	Luxembourg	102.4	104.2	1.8
	Estonia	93.2	103.6	10.4
	Lithuania	91.6	103.1	11.5
	United Kingdom	101.1	102.5	1.4
	Malta	89.6	102.4	12.8
	Czech Republic	99.3	102.1	2.8
EU average	EU 28	100.0	102.1	2.1
Lower than EU avg	Latvia	89.6	101.6	12
	Bulgaria	91.9	101.4	9.5
	Spain	97.1	100.5	3.4
	Croatia	95.9	100.0	4.1
The 10 years behind	Cyprus	101.8	99.8	-2.0
	Portugal	102.7	99.4	-3.3
	Hungary	91.8	98.9	7.1
	Poland	94.0	98.3	4.3
	Slovakia	90.1	98.1	8.0
	Romania	95.4	96.6	1.2
	Italy	94.5	94.6	0.1
	Ireland	94.6	94.2	-0.4
	Greece	91.7	81.2	-10.5

# THE LABOUR VULNERABILITY DIMENSION

The labour vulnerability indicator scrutinises the insecurity and precariousness produced by each member states' labour market (or, maybe better, on which each labour market is built upon), and that can negatively affect both the professional and private lives of workers. Thus, pushing them at the margins or excluding them from the labour market itself. The indicator takes into account also the effect of precariousness after the working life.

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	Netherlands	106.0	108.0	2
	Slovenia	105.8	107.3	1.5
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The 10 years behind	Croatia	97.1	97.2	0.1
	Portugal	91.7	96.9	5.2
	Cyprus	92.0	96.3	4.3
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