



## The ETUC response to the High-Level Group report on the Future of Social Protection and of the Welfare State

Position adopted at the Executive Committee Meeting of 30-31 March 2023

### Summary of the Position

- a. The Final Report of the High-Level Group of experts on the future of social protection and the welfare state in the EU was launched on 7 February 2023.
- b. The ETUC deems the report as **the** policy framework aimed at giving concreteness to the Social Protection Principles in the EPSR, as foreseen by the Action Plan.
- c. The ETUC demands that the recommendations of the Report are fully pursued at all levels and mainstreamed in all relevant frameworks, to ensure the socio-economic needs of the EU are addressed in the future.

### Background

As announced in the [European Pillar of Social Rights Action Plan](#), in 2021 a High-Level Group (HLG) of experts started working on the future of social protection and the welfare state in the EU - to analyse the expected impacts of megatrends<sup>1</sup> on the social protection and welfare systems, for enhancing their design, scope and financing in line with EPSR principles.

In its [final Report](#), launched on 7 February 2023, the HLG developed a holistic vision on how to ensure universality, adequacy and effectiveness of future social protection systems and the welfare state in medium to long-term, in line with the ETUC narrative<sup>2</sup>. The resulting set of 21 recommendations are directed at all policy frameworks, both at EU and national levels.

A holistic and public investment-based approach to social priorities in a life-cycle perspective emerges not only as strongly intertwined with the economic dimension but as *conditional* to the sustainability of the fabric of the EU social market economy facing the current challenges.

It emerges that it is crucial to enhance those well-known public policies that favour addressing universal, solidarity-based and long-term solutions and preventing present and future socio-economic downturns – with labour at their core.

The real game-changer consists in public investment in enhanced universal welfare states and high-quality public services, together with much higher public investments in education, care, training and life-long learning, and income support.

Investing in reducing inequalities and socio-economic imbalances, focusing on increasing activity and productivity rates at work, creating quality jobs and designing solidarity-based public social protection systems result in fiscal sustainability.

Substantial public social investments in quality welfare with a life-cycle approach (starting early in people's and workers' life) proved to be crucial to offset the effects of an ageing population, imbalances in welfare expenditure, inequalities and lack of social mobility and intergenerational solidarity – much more than the merely increasing the retirement age. The recommended approach would lead to a double dividend in the medium term, reducing public spending on income protection while enlarging the tax base that funds social protection.

<sup>1</sup> demographic changes, resulting in a shrinking workforce and an ageing population, transformations on the labour market and the digital and green transitions, as well as the emergence of new risks

<sup>2</sup> See the ongoing work on the ETUC SociAll web portal <https://spa1.etuc.org/>

## The ETUC position and demands

To ensure success of the policy drivers proposed by the HLG Report the following is necessary :

- introducing the golden rule in order to contrast the constraints on MSs' public financing;
- establishing initiatives to create a level playing field of taxation policy across MS and reduce tax competition: MS targeted policies to enhance fair taxation; fight to tax and contributory evasion and elusion; contrasting undeclared work; redistributive fiscal policies, and targeted income policies ensuring that welfare systems are effective, that public resources are efficiently channelled towards the most vulnerable groups;
- enhancing public and collective welfare systems (which proved to be more effective, inclusive and better performing in a cost-benefit perspective) while ensuring that public goods and “enabling” services are readily available to all;
- rejecting marketisation of public and social services – collective public goods and services such as health are not commodities nor ground for private profit making.

An overall coherent approach at EU level to the Report recommendations is essential. This comprehensive set of overarching evidence-based political drivers should ensure convergence among several policies to guarantee effective protection, enhanced social investment and integrated socio-economic growth.

Developing a policy framework that defines the social investment made by Member States with public budgets that should benefit from the exemptions of the golden rule. The report is, rightly, critical towards uncontrolled privatisation.

A monitored framework of steps towards the future of EU welfare as per the HLG Report, that descends from a solemn political commitment renewed in Porto. The EU institutions, MS, Social Partners, societal stakeholders and the Social Protection Committee should take concrete initiatives to follow up on the Report's recommendations.

The detailed design of mid- and long-term scenarios of the impact of the Report's recommendations, properly implemented, on fiscal matters and societal well-being, social protection and social insurances institutions.

The Report must be known and implemented at the national level. The Recommendation on Access to Social protection for workers and the self-employed must be implemented with the policy drivers in mind. The provisions on minimum income should be implemented by a legislative initiative, as well as other possible initiatives at national level.

The role of social partners, including via agreement-based paritarian<sup>3</sup> and bilateral institutions, should be enhanced in the scenarios for the future of welfare in synergy with public welfare institutions.

The progress towards societal well-being must be monitored with respect to progress in the welfare states that go *well beyond poverty protection*. The concept of adequacy must be revised in a logic of upward social mobility.

**Addressing the issue of redistribution of productivity gains**, of their beneficiaries and productivity measurement - especially in compensation to the shrinking of the workforce is urgent. Social partners should also consider more and better redistributive policies.

---

<sup>3</sup> *Social Protection Institutions established and managed by employers and trade unions on a joint basis within the framework of social dialogue and collective agreements*