

## Towards strong minimum social standards for social progress in Europe

### Key Points

- The EU has a large number of general social objectives and principles. However, in practice, market-liberal orientations and restrictive fiscal rules have often taken a higher priority. Much still needs to be done to effectively set the EU on course towards a social Europe.
- Establishing further progressive minimum social standards in the EU with high levels of protection and non-regression clauses is needed as part of a new social action programme. Well-designed minimum social standards can help to curb social dumping and races to the bottom in social standards and achieve EU-wide targets.
- The areas in which steps need to be taken quickly range from effective minimum standards in the areas of unemployment insurance and minimum income systems to combating wage and social dumping and establishing EU labour rights in the healthcare professions and in relation to artificial intelligence.
- The 2024 elections of the European Parliament represent an important window of opportunity to strengthen the debate on extending minimum social standards in the EU.

### Background

Although the EU treaties contain several social objectives, such as the focus on “social justice” and “social progress” (Art. 3 (3) TEU), in practice, market-liberal orientations and restrictive fiscal

rules have often taken a [higher priority](#). The European Pillar of Social Rights is regarded as a central reference point in the debate on the social dimension of the EU. It contains important principles for social progress, [but its principles are](#) very generally worded, not always progressive enough and legally non-binding. In recent years, several new EU social policy directives have been adopted. However, in view of far-reaching social problems, it is clear that much more still needs to be done to effectively set the EU on course towards a social Europe.

It is often argued that the EU has hardly any competences in the area of social policy. However, this argument is - especially when it comes to workers’ rights – clearly flawed. Art. 153 TFEU opens up room for manoeuvre in several areas to enshrine legally binding minimum social standards in EU directives. Based on these and other competences, a number of minimum social standards have already been adopted in directives.

Well-designed minimum social standards can help to prevent [social dumping](#) and races to the bottom when it comes to social standards and to achieve EU-wide targets. New minimum social standards in the EU with high levels of protection and non-regression clauses now need to be established as part of a new social action programme. However, the latter must also go beyond minimum social standards: Amongst other things, EU funding for meaningful social and labour market policy measures (which can also support the implementation of minimum social standards) should be increased. Moreover, a [Social Progress Protocol](#) anchored in EU primary law, which emphasizes the primacy of fundamental social rights over the market freedoms of the internal market, needs to be established. In addition, the neo-liberal bias of the [EU’s economic governance](#), which is a barrier to social progress in the EU, must be pushed back.

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## Main Findings

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In the following areas, the EU and its Member States could benefit from ambitious minimum social standards which would contribute to social progress in the EU.

### Unemployment insurance

Unemployment insurance schemes are amongst the core components of social security systems. Unemployment [benefits](#) - insofar as they are adequately designed – are not only beneficial for unemployed people by minimizing the lowering of living standards. They also allow unemployed people to find a job that suits them, which strengthens the productivity of the economy. Moreover, unemployment insurance systems can cushion economic downturns.

However, in several Member States, unemployment insurance systems fulfil these functions inadequately, as is the case, amongst other countries, in Austria. Thus, OECD data shows that the net replacement rates, the maximum duration of benefits and the coverage rates of unemployment benefits [strongly differ](#) between Member States.

An EU directive on the social adequacy of national unemployment insurance schemes should contain the following provisions: It should set ambitious [minimum values](#), if necessary to be achieved gradually, with regard to the net replacement rate of unemployment benefits, such as 75 per cent, the coverage rate and the duration of entitlement.

### Minimum income schemes

In 2022, 95.3 million people in the EU (21.6 per cent of the population) were at risk of [poverty or social exclusion](#). Almost a quarter of children and young people up to the age of 18 in the EU were affected by a risk of poverty or social exclusion. The social situation is currently devastating for many, especially against the backdrop of the inflation crisis.

The EU's poverty reduction strategy has so far relied on legally non-binding coordination - with limited success: Thus, the EU [clearly failed](#) to reach the poverty reduction target of the EU 2020 strategy. In almost all Member States, the level of the minimum income benefits are (often significantly) below the [at-risk-of-poverty threshold](#). In addition, the application process is often complicated and stigmatizing. Thus, many people do not claim minimum income benefits even though they would be entitled to.

One component of a strengthened EU anti-poverty strategy should be an [EU framework directive](#) on min-

imum income schemes. The minimum requirements should relate to the level and coverage of minimum income benefits, and the respective national level of prosperity must be taken into account. An important indicator that should be taken into account when drawing up minimum standards for minimum income schemes is the level of benefits (possibly in combination with other relevant social benefits) in relation to the respective national at-risk-of-poverty threshold.

### Combating wage and social dumping

The very high disparity between wage levels in the EU Member States favours different forms of cross-border wage and social dumping. Austria is particularly affected by wage and social dumping due to the high wage gap with its neighbouring countries: This is very often [associated with](#) undercutting Austrian minimum wages, bogus postings of workers, social dumping by paying lower social security contributions and non-compliance with other protective regulations.

In order to effectively combat wage and social dumping, cross-border cooperation between authorities in administrative criminal proceedings should be ensured or improved; in particular in cases of illegal employment, social fraud and tax fraud, the possibilities for data exchange should be facilitated. The possibilities for asserting civil law claims across borders should also be improved. The number of joint inspections by two or more Member States should be significantly increased. The European Labour Authority or the European Commission should also investigate whether the sanctions in the Member States are actually appropriate and dissuasive.

### Use of artificial intelligence

The use of artificial intelligence (AI) systems has penetrated many areas of life, including the world of work, in recent years. Alongside positive expectations in terms of innovation, AI systems also give rise to concerns, particularly with regard to security and the protection of the fundamental rights of workers and consumers.

While the EU AI Act brings some, [albeit insufficient](#), improvements for consumers, in the area of the world of work, it fell short from the outset: the issue of the use of AI in the workplace was largely ignored in the EU AI Act and the necessary protective provisions were lacking.

As a next step, it is now urgently necessary that the use of AI in the workplace also receives special protection through a new, separate EU directive and that European minimum protection provisions for workers are established. In particular, [such a directive](#) should

[include information](#), co-determination and veto rights for workers and their interest representations at the various levels.

### Working time reduction

The distribution of paid employment is highly unequal: on the one hand, there are many who work long hours. However, excessively long working hours [jeopardize health](#), increase the risk of accidents and impair the work-life balance. On the other hand, many people in the EU have no paid employment or work fewer hours [than they would like](#) - with negative financial consequences for those affected and the risk of social exclusion. A fairer distribution of working hours is urgently needed. This means that sensible models for a noticeable working time reduction with full wage and staff equalization must be promoted. The aim must be to redefine what „full-time work“ means and, thus, to establish a concept of [“new, healthy full-time”](#).

Before legally binding measures in the area of working time reduction can be taken at EU level, the issue must first be put on the EU agenda and the political balance of power must be influenced in favour of enabling shorter working hours. As part of the exchange of information and the coordination of member states within the framework of EU employment policy, actors at EU level can help to promote sensible models for reducing working hours - in close cooperation with the trade unions.

### Rights to education and training

In order to give people in the EU prospects for achieving their professional goals and to meet the extensive demand for skilled workers for the energy transition and the challenges posed by digitalization, amongst other things, there is a need for educational rights guaranteed at European level. As long as there are no legal entitlements to education and training and appropriate support for workers and jobseekers, many people will not be able to make effective use of existing programmes.

An EU directive should therefore establish legal entitlements for workers to paid educational leave and further training during working hours. It is also important to establish legal entitlements to high-quality qualification and further training measures for jobseekers in combination with a compensation benefit which adequately covers the living costs while pursuing the training programme.

### Working conditions in the care sector

The Covid-19 crisis has highlighted how much pressure healthcare systems are under across the EU. Even after this crisis, the often inadequate staffing levels and the ageing society continue to exacerbate the precarious situation for workers and patients. In the entire area of care work, including childcare, there is also a great need for action from the perspective of [gender-specific social inequality](#), particularly with regard to gender pay gaps and gender pension gaps.

With a resolution by the European Parliament from 2022 and the European Commission's Care Strategy, the EU institutions have also emphasized the value of care work for society and the need for action. However, more is needed from the EU level, including concrete, verifiable targets and criteria, EU funding instruments and [measures under European law](#).

Progress could be made across the EU with two specific legislative proposals. Firstly, a new EU directive for healthcare professions could make working conditions [more attractive](#) across the EU. Secondly, a new EU (framework) directive could also define fundamental rights and obligations as EU-wide minimum standards in the area of live-in care workers and regulate issues such as the arrival and departure of carers, contractual relationships between agencies and carers, minimum standards for quality assurance as well as mandatory registration of agencies as a prerequisite for their activities.

## Demands

- A directive should set **minimum standards for the unemployment insurance systems of the Member States**, relating to net replacement rates, coverage rates and unemployment benefit entitlement periods.
- An **EU framework directive on minimum income schemes** should set minimum standards on, amongst other things, the level and coverage of minimum income benefits.
- A broad package of measures is needed to **combat cross-border wage and social dumping** more effectively. Amongst other things, cross-border cooperation between authorities and the enforcement of penalties must be improved in order to prevent companies in the single market from circumventing labour and social law.
- The use of **artificial intelligence in the workplace** requires new **protective rights** for workers, such as information, co-determination and veto rights for workers and their interest representations.
- In view of the high demands for **training and further education**, effective **social rights** are needed: legal entitlements to paid educational leave and further training during working hours for workers and to training and further education, including a compensation benefit which adequately covers living costs for jobseekers, must be enshrined.
- EU directives with minimum standards for **working conditions in the healthcare professions** and in the area of **live-in care workers** are needed.
- A coordinated exchange of information on sensible models for **working time reduction** should be initiated in the EU - in close cooperation with the trade unions.

## Literature

- AK EUROPA (2020) [Consultation on the implementation of the European Pillar of Social Rights](#). Position Paper. Brussels: AK EUROPA.
- Bruckner, S. (2019) [Common minimum standards for unemployment insurance schemes in EU Member States](#) (AK EUROPA Policy Brief 7/2019). Brussels: AK EUROPA.
- Fahimi, M./Rosoli, S./Schalek, K. (2020) [Improving Conditions for Health Professionals and Live-in Care Workers](#) (AK EUROPA Policy Brief 7/2020). Brussels: AK EUROPA.

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