

Position on European Commission proposal for a Council Recommendation on access to social protection for workers and the self-employed

As part of the implementation of the European Pillar of Social Rights, the European Commission (EC) has adopted a [proposal for a Council Recommendation](#) on access to social protection for workers and the self-employed. The objective is to support people in non-standard forms of employment and self-employment who, due to their employment status, are not sufficiently covered by social security schemes and thus are exposed to higher economic uncertainty. Principle 12 of the Pillar states that 'regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed have the right to adequate social protection.'

Through a proposal for a Council Recommendation, the Commission aims to encourage EU countries to:

- allow non-standard workers and the self-employed to adhere to social security schemes (closing formal coverage gaps);
- take measures allowing them to build up and take up adequate social benefits as members of a scheme (adequate effective coverage) and facilitating the transfer of social security benefits between schemes;
- increase transparency regarding social security systems and rights;

Europeans are already lagging behind others in terms of willingness to start their own business and increased tax contributions could make the situation worse. Only 37% of Europeans said that they would like to be self-employed, compared to 56% respondents in China, 63% in Brazil or even 82% in Turkey.¹ Only 9% of the EU respondents said that the reason they would choose to be employees rather than self-employed is to be covered by social welfare/insurance.

While increased transparency of social security systems and rights should undoubtedly improve the functioning of social security systems across Europe, the other two priorities aimed at expanding social security benefits to non-standard workers and the self-employed could face implementation challenges and bring negative results **for the following reasons**:

1. Harmonizing access to social protection inevitably would result in bigger welfare state and possibly increased social security contributions for non-standard or self-employed people therefore hurting European competitiveness. Emerging new forms of work (e.g. platform workers), technological changes, worsening demographic trends and tough competition that the EU and Member States face from beyond the Single Market require a clear understanding and agreement that the EU should strive for innovation and flexibility in terms of regulatory principles and measures, including in the field of employment and social policies. Strict labour regulation and extended social policies are the trend of yesterday. It ignores the future economic and business (workplace) trends

¹ [http://europa.eu/rapid/press-release MEMO-13-7_en.htm](http://europa.eu/rapid/press-release_MEMO-13-7_en.htm)

and involves a burden for employment and entrepreneurship, threatening competitiveness and investment attractiveness of Member States.

2. Worsening demographic situation in the Union urges Member States to reform their social security systems. It is projected that the old-age dependency ratio (people aged 65 and above relative to those aged 15 to 64) in the EU will increase by 21.6 percentage points, from 29.6% in 2016 to 51.2% in 2070.² Harmonization of social policies would hinder solutions that the Member States could develop independently in trying to reform their social systems, adjust to emerging demographic and economic changes.
3. The intended harmonization of social security systems in a very diverse European context would face many obstacles and could result in discontent across the Member States. Various political traditions, tax systems and different capabilities of public finances have produced very different types of welfare-state models across the continent (e.g. Anglo-saxon or Scandinavian models). As a result, EU measures to reorganize social security systems (or change the principles of access to social protection) would most likely not only face resistance in EU member-states. Some measures would simply face budgetary constraints and fall short of implementation because of disparities in social security capabilities. Despite a slow downward trend the debt-to-GDP ratio in the Union remains very high. It is projected at 81.6 % across the EU in 2018 and vary significantly between Member States.³
4. Traditionally, the implementation of social policy measures did not fall with EU competency. Harmonization of access to social protection at the EU level would seriously undermine subsidiarity and proportionality principles, which are at the very core of the EU policy as defined in the Treaty on the EU. Even though Article 2 (3) TEU establishes a socio-economic union, it does not imply that reaching the EU goals requires a rigid protectionist regulation of labour and welfare systems. 'A highly competitive social market economy' can be achieved by market instruments and by removing existing regulatory burdens (including the ones created by the older EU Directives). The Charter of Fundamental Rights provides substantial legislative grounds for social rights, while Member States have judicial systems in place for individuals to claim or defend those rights. Social policy measures among the EU members are usually implemented via the method of open coordination, which enables sharing best practises and benchmarking. Article 151 of Lisbon Treaty states that social policy shall be implemented by taking into account 'diverse forms of national practices, in particular in the field of contractual relations, and the need to maintain the competitiveness of the Union economy'.

² <http://www.silvereco.org/en/wp-content/uploads/2018/06/the-2018-ageing-report.pdf>

³ https://ec.europa.eu/info/sites/info/files/economy-finance/ip069_en.pdf, pp.15

Conclusion

Arguably technological, demographic and economic challenges should shift social security systems towards transparency and flexibility. However an attempt to harmonize access to social protection in the Union would reduce the likelihood of finding the best answers suited to different economic situations in the Member States. It would create a burden for employment and entrepreneurship, threatening competitiveness and investment attractiveness. Moreover, it would face significant implementation challenges since the scope of social protection generally is very diverse in the Member States. These are the main reasons why EU should embrace the improvement of social policies using method of open coordination, benchmarking and exchange of best practices between the Member States.