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Quality of Life, Public Services and the Crisis

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Quality of Life, Public Services and the Crisis

Abstract

This issue of *Foundation Focus* looks at impacts of the crisis on quality of life in Europe. Has quality of life worsened? Have all sections of society borne the impact equally, or have some ill-favoured groups been particularly affected? How do European citizens rate the quality of their public services since the onset of the crisis? Do these services – such as healthcare and childcare – do the job that is asked of them? If not, how can public services and the European welfare state change to meet a new reality? And what of the public sector workers who are responsible for the delivery of many of these services: how has their working situation changed since 2008?

Keywords

Europe, public services, financial crisis, childcare, healthcare

Comments

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'This situation of restricted expenditure is permanent' – Interview with John Halloran, European Social Network

Social inequalities across Europe

Public services: What Europeans think

Quality of life in Croatia, 28th Member State

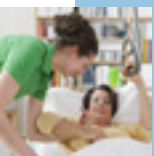
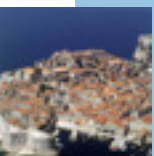
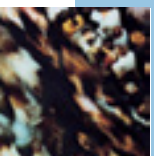
Changing times in the public sector

Mapping Europe's quality of life, interactively

Quality of life, public services and the crisis



European Foundation for the Improvement of Living and Working Conditions

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This issue of *Foundation Focus* looks at impacts of the crisis on quality of life in Europe. Has quality of life worsened? Have all sections of society borne the impact equally, or have some ill-favoured groups been particularly affected? How do European citizens rate the quality of their public services since the onset of the crisis? Do these services – such as healthcare and childcare – do the job that is asked of them? If not, how can public services and the European welfare state change to meet a new reality? And what of the public sector workers who are responsible for the delivery of many of these services: how has their working situation changed since 2008?

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Editorial

The economic crisis that has gripped Europe since 2008 has affected every aspect of life. It has negatively impacted on some key elements of quality of life – most obviously at first, the ability to make ends meet, particularly among people who have had to cope with pay cuts or unemployment. However, it has had less obvious effects: many European citizens, particularly those who are already suffering disadvantage, have experienced a deterioration of their health in the years between 2008 and 2011, when Eurofound's third European Quality of Life Survey – which supplies many of the data that have gone into this issue – was conducted. In particular, the indicators for poor mental health are notably greater among Europe's young people, who have been especially impacted by unemployment. However, elderly citizens suffer their own disadvantage, being much more likely to lack sources of social support than their younger fellow Europeans.

Public services, such as healthcare, are an important component of overall quality of life, and in times of difficulty they can offer some support and protection to citizens. But the sharp cuts in government finances have affected many countries' ability to provide services at the levels required or expected. Social cohesion and trust in public institutions have plummeted in the face of austerity measures. And those who provide public services – working in central public administration and other public sector roles – have seen their pay cut, working conditions deteriorate and employment levels fall, in some cases drastically. However, scope always exists for effective policy interventions. To take one example, the growth of indebtedness has prompted an expansion of debt advisory services, and this has enabled the exchange of best practice across Europe.

This issue of *Foundation Focus* looks at the impact of the crisis on many dimensions of quality of life and how these dimensions interact with each other.

Foundation Focus is published by the European Foundation for the Improvement of Living and Working Conditions (Eurofound), Wyattville Road, Loughlinstown, Dublin 18, Ireland. Eurofound, a tripartite European Union Agency, provides knowledge to assist in the development of social and work-related policies.

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Building the foundations for a new welfare state in Europe

European citizens who are dependent on social services have suffered enormously in the wake of the economic crisis in Europe. Local and regional authorities across the EU are all scrambling to provide the same level of services with restricted expenditure under severely reduced budgets. John Halloran, Chief Executive of the European Social Network, talks to *Foundation Focus* about the need to reshape public services and create a new social contract between the state and citizens to ensure a viable and socially equitable future.

Eurofound: What challenges are social service providers facing across Europe today?

John Halloran: Over the past five years, social service providers have had to come to terms with the reality that this situation of restricted expenditure is not temporary but permanent. During the initial stages of the economic crisis, social service providers were trying to grapple with needs and requirements in the face of shrinking budgets over the short term. However, now they're reorganising themselves to make the provision of services within these budget constraints more efficient also in the medium-to-long term.

And what does that mean for the broader European picture?

We are in a new phase of austerity, in which we need to rebalance the discussion, so that we don't only look at the financial aspects but also the social and economic perspectives. This echoes what [European Commissioner for Employment, Social Affairs and Inclusion] László Andor argues when he insists on the need to rebuild the European monetary union, and particularly to develop a social dimension for the

monetary union and define the role of social dialogue in that.

What do you see as the role of welfare in this context?

Europe has a proud tradition of social reform, but the situation today is very different from a century ago. Back then, the mission was to give relief to the disadvantaged, the exploited and impoverished, some of whom were victims of rapidly industrialising societies. The solution in some cases was to remove people in need and house them apart for their own good and society's good. And this culture is still often present today in our wider approach to welfare. We need to start moving away from seeing people as victims, people who count on the state always providing. Welfare should be more attuned to people's realities, their needs and requirements. We need to establish a new social contract in which we build partnerships with people who can provide the right services – a kind of contract that empowers people. We need to bring all countries back on track to develop more inclusive societies.

Can social investment provide a solution to the problem, a solution we can afford?

Social investment is about building a society that includes everyone, values all its citizens equally and sees them as making a contribution to its future. It's not simply a matter of trimming or enlarging current budgets. Instead, we need a paradigm shift to reshape public services. But the challenges are many. First and foremost, governments are in a difficult position in trying to square a circle, satisfying demands from all sides. Then there is the problem of finding sources of funding. And finally, there are the upcoming European elections in 2014; there is the fear that disgruntled voters, disillusioned about the future of Europe,



might derail social services reform to focus on other priorities.

What is the best way forward?

Social service providers need to find a space to discuss the new social contract for the future. Naturally, I want the European Social Network to be a platform for informed debate across society in all countries in Europe. This will ideally lay the foundations for a consumer- and person-centred welfare state in Europe where people are encouraged to take more responsibility, are held more accountable, but also have more say.

About ESN

The European Social Network (ESN) is an independent network for local public social services in Europe. It brings together people and organisations responsible for the design, financing, management, regulation and delivery of social services by national, local and regional government in 30 countries. Its aim is to improve the quality of policy and practice through knowledge exchange and learning.

www.esn-eu.org

Breaking the vicious circle of inequality



In light of one of the key goals of the Europe 2020 Strategy to ensure inclusive growth, how successful has the EU been in keeping inequalities at bay? Findings from recent Eurofound research point to a pattern of growing social inequality across the continent.

Since the mid-1970s, socioeconomic inequalities have increased significantly around the world, despite the efforts of welfare systems to redistribute wealth to minimise these disparities. Income inequality not only undermines quality of life for individuals, it also destabilises social cohesion. According to international research, more equal societies have better health outcomes (including mental health), fewer social problems, greater levels of trust, less childhood poverty, better educational performance and greater social mobility.

Linked to income inequality, but going beyond it, are social inequalities: disparities in access, both to social commodities like healthcare services or childcare, and to social and institutional networks, such as the support of friends. Social policy, frequently mediated through public and social services, plays an important role in promoting social cohesion and inclusion, distributing wealth, and reducing disparities – not least the EU policy goal of lifting at least 20 million Europeans out of poverty and social exclusion by 2020.

Economic crisis

Given the impact of the recent crisis, this last goal may be particularly ambitious. No aspect of European life has been untouched by the economic crisis; mass unemployment has impacted on countries across the EU differently, however. For instance, while the unemployment rate for the EU27 as a whole in March 2013 was 11%, in Greece and Spain it stood at nearly 27%. Meanwhile, the unemployment rate among young people was notably higher than the average – over 59% in Greece in

November 2012. Unemployment increases substantially the risk of poverty.

Deprivation

Across Europe in recent years there has been a rise in deprivation levels, as a comparison of the findings from the European Quality of Life Survey (EQLS) in 2007 and 2011 makes clear.

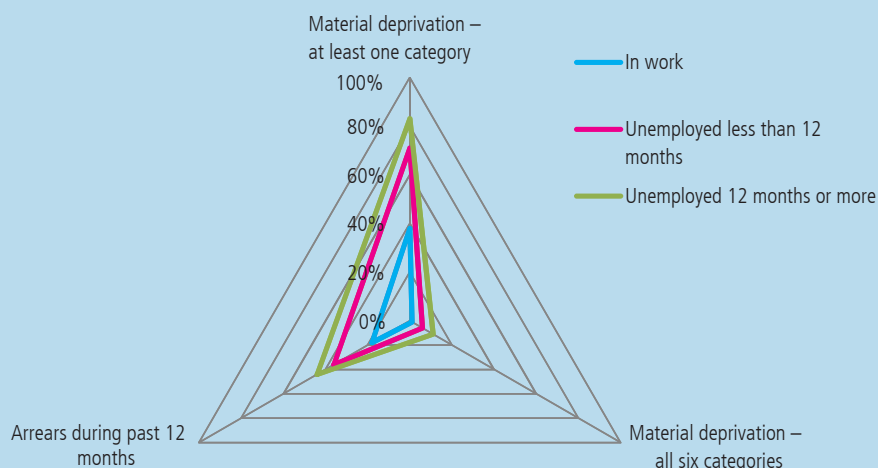
In Eurofound's EQLS, material deprivation was measured by asking households if they could afford a range of items: to keep their house adequately warm; pay for a week's annual holiday away from home (not staying with relatives); replace worn-out furniture; have a meal with meat, chicken or fish every second day if they wanted it; buy new clothes rather than second hand; and have friends or family for a drink or meal at least once a month. Severe material deprivation, in this context, means experiencing deprivation in all six categories.

The pattern of increasing deprivation is not even: the rise has been most severe in countries hardest hit by the downturn. In Greece, for instance, the proportion of households experiencing at least some deprivation rose from 48% to 74% between 2007 and 2011.¹ And across Europe, some groups have suffered more than others, such as people with a longstanding physical illness or disability, the long-term unemployed and the non-national population. For instance, while only 1% of those in employment face severe deprivation, 11% of the long-term unemployed do. As the figure below makes clear, the pattern of material deprivation mirrors the likelihood of having financial problems, such as falling into arrears on utility bills, mortgages or debt repayments.

Moreover, differences emerge between the EU15 Member States and those that joined in 2004 and 2007 (the EU12): the position of older people, for example, is notably worse in the EU12. Similarly, while 2% of

¹ In this case, being deprived of at least one of the items in the deprivation index.

Deprivation and arrears according to employment status



Note: Data points that are further out on the radar diagram indicate worse outcomes against each indicator.

Source: Eurofound, third European Quality of Life Survey (EQLS), 2011

those aged between 75 and 80 in the EU15 experience severe deprivation, the figure is 15% in the EU12.

And while around 2% of EU citizens on average face severe deprivation, this figure doubles in the case of non-EU nationals.

Health

A key – perhaps the most crucial – aspect of quality of life is an individual's health. The reasons behind good and bad health are deeply complex, but it is clear that perceptions of personal health among European citizens vary widely across countries and social groups. Clearly, environmental and lifestyle factors – such as diet and smoking, for instance – play a central role in determining people's health. However, there is a growing emphasis on the 'causes of the causes': the social determinants of health such as income, education and occupation. There are striking differences in how people across the income quartiles rate their health. People in the lowest income quartile rate their health as 6.7 out of 10; in contrast, those in the top quartile rate it as 7.8 out of 10. And that is the average across Europe: health inequality is much greater in Bulgaria and Slovenia, as the figure below indicates.

Since the onset of the crisis, health status has deteriorated, particularly among low-income earners. There was little change in terms of self-reported health for people in households in the top income quartile, and for those in the next quartile reported health improved: the proportion of those who said that their health was poor fell from 8% to 6%. However, for those in the bottom two quartiles health got markedly worse. In the lowest quartile, the proportion of those reporting poor health

rose from 14% to 17%. And in the second-lowest quartile, it rose from 10% to 12%.

Certain groups, such as the unemployed, experience multiple health problems. The long-term unemployed, those who have been out of work for 12 months or more, are especially at risk. People who have a longstanding limiting physical disability or illness (or 'limiting condition') are dramatically worse off than their able-bodied fellow citizens.

Gender differences in physical health are also apparent: women are more likely to rate their health as 'poor' or 'very poor' than are men – 10% compared with 8%. And in the EU12 countries the difference in this respect is more marked: 17% compared with 11%.

Mental well-being

In the context of the crisis, mental health comes to the fore, with higher levels of anxiety, depression and suicides recorded – related to fears of losing one's job or home. The World Health Organization – which pinpoints depression as the leading cause of disability worldwide – has developed an index for mental well-being that is used as an international standard assessment.² The EQLS found that

2 The WHO-5 index of mental well-being is based on responses to the following statements: a) I have felt cheerful and in good spirits; b) I have felt calm and relaxed; c) I have felt active and vigorous; d) I woke up feeling fresh and rested; e) My daily life has been filled with things that interest me. The index ranges from 0 to a maximum of 25; the base score out of 25 is multiplied by 4 to give a score out of 100. A score of less than 48 is taken as an indicator of poor mental health.

the quality of mental health varies across Europe – from 70 (out of 100) in Denmark to 56 in Latvia. Levels also vary within countries – people with a higher standard of living have better mental health, those at the top of the income spectrum having a score of 66 compared with a score of 57 for those at the bottom. Women score somewhat lower than men – 61 versus 66.

What you do – or don't do – matters. Students and those in work have the highest scores: 68 and 65 respectively. In contrast, people unable to work because of a long-term illness or disability, and the long-term unemployed have the lowest scores: 44 and 58 respectively. In the EU27, younger people were found to be among those with an increased indication for poor mental health on the WHO scale – of three percentage points for 18–24 year-olds. This finding is coherent with the expansion of youth unemployment across Europe between 2007 and 2011, and the link between poor mental health and unemployment.

Another key element of quality of life – housing – is shown to affect people's mental health. According to findings from the EQLS, around 6% of people feel that they will have to leave their present home within the next six months because they can no longer afford it. This rises to 12% among those who rent private accommodation. Among those who own a home but pay a mortgage, there was a notable increase between 2007 and 2011 from a little over 2% to 5% of those who felt their home was at risk. These figures are important because the mental health index is lower among people who fear this threat.



Source: EQLS, 2011

The EQLS included several questions on happiness and mental health, asking people to what extent they feel tense, lonely, or downhearted. According to the data, older people were much more likely to feel lonely and unhappy than young people. While only 9% of 18–24 year-olds said they felt lonely, the figure rises to 23% for those aged between 75 and 80, and to 27% for people aged over 81. And the figures for feeling downhearted are similarly high among older people.

Autonomy

Health and adequate material resources are tangible factors that affect quality of life. However, also crucial for quality of life are the less tangible elements of life we hold important, such as autonomy in being able to make one's own decisions about important life questions, enjoying social support, feeling respected and feeling part of society.

Most Europeans – over 80% – feel that that they are free to decide how to live their lives. However, in Greece, the feeling is considerably lower, at 54%. This may be linked to the scale of unemployment in the country at present. Unemployment is often associated with feelings of disempowerment: while 88% of those in work in the EU27 feel able to make important life decisions, only 72% of the long-term unemployed feel they can. And feelings of pessimism and disempowerment can prevent people from seeking to re-enter the jobs market, setting in motion a vicious circle whereby inequalities are further entrenched. These feelings need to be addressed in

active labour market policies, particularly through training in 'soft skills' to help those who have been out of the labour market to gain the confidence to find new employment.

The unemployed are also disadvantaged in terms of how they feel themselves to be treated: 38% of the long-term unemployed feel they are not treated with respect, while only 16% of those in work feel this way. The picture is similar for people with a longstanding disability: 23% feel that they are not treated with respect, as against 15% of those without a disability. And non-EU citizens are much more likely to feel that they are looked down upon than citizens of a Member State: 27% as against 17%.

Social support and inclusion

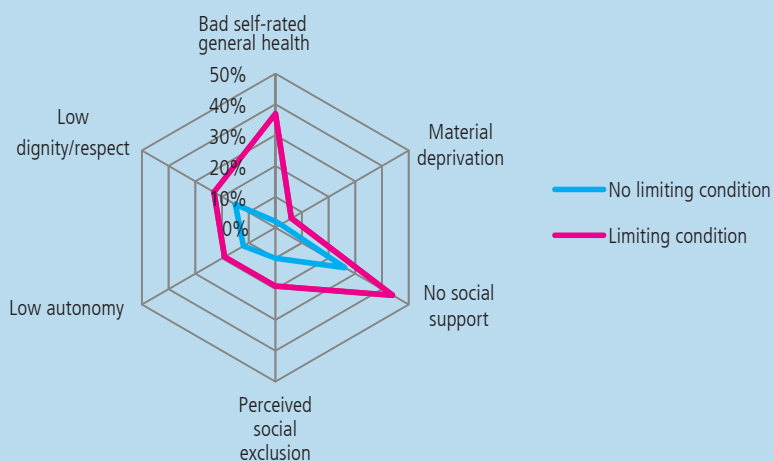
Being able to rely on social support is strongly associated with good quality of life. However, older people are much more likely than younger people to lack social support: according to EQLS data, 64% of 75–80 year-olds say that they have no source of support, as against only 12% of young people aged between 18 and 24. This is clearly linked to the high level of loneliness reported by older people in the survey.

People can also feel left out of society. Unemployment is obviously a contributory factor: while only 9% of those in work feel excluded from society, this figure rises to 30% among the long-term unemployed – over three times higher. Meanwhile, those with a long-standing disability are around twice as

likely as those with no disability to feel excluded. Women are somewhat more likely than men to feel marginalised in the EU12 countries: 15% of women report feeling left out of society, compared with 13% of men. And those who have a poor perception of their health similarly feel left out, caught in a downward spiral of deprivation and marginalisation.

Of course, Member States are taking steps to prevent or mitigate hardship. Eurostat stresses the role that redistributive social transfers have in reducing the numbers of people in a country who are at risk of falling into poverty. And over the course of the crisis, a number of countries have been able to cushion households from suffering greater hardship by means of benefits and social safety nets. For instance, in Ireland, social transfers meant that income inequality actually declined slightly between 2007 and 2009, with the relative poverty rate falling from 20% to 18%. But what is the situation regarding public services, as revealed by the EQLS? Have they a pivotal role to play in easing disparity across Europe? The next article examines these questions.

Relationship between having a limiting condition and aspects of well-being



Note: Data points that are further out on the radar diagram indicate worse outcomes in terms of each indicator.

Source: EQLS, 2011

Public services – Fit for purpose?

EU citizens rely on public services; more so now, in light of the hardships arising as a result of the crisis. But how have public services themselves fared? Are they delivering what is expected of them?

Access to effective social and public services such as healthcare, education and transport is an important element in ensuring quality of life and in achieving 'inclusive growth', a key objective of the Europe 2020 Strategy. The European platform against poverty and social exclusion – one of the flagship initiatives of the strategy – seeks to reduce exclusion through initiatives that improve access to essential services such as healthcare, education and housing.

Good public services can help mitigate the effects of the economic downturn – for example, by helping people back into the labour market and putting in place preventive health measures. Policy interventions can support better access for disadvantaged groups to services, and can directly intervene in such areas as job counselling or debt advisory services, where unemployment and financial hardship are impacting negatively on citizens. However, since the onset of the crisis, public services in all Member States have been subject to severe cuts in an attempt to reduce public spending. The irony of the situation is that the crisis has itself imposed demands upon people – financially, socially and in terms of health – who in turn are forced to seek the help of public services.

Public satisfaction

In 2011, findings from the third EQLS show that Europeans were generally more



satisfied with public services such as public transport, health services, childcare and education systems than they were with long-term care services and social housing.

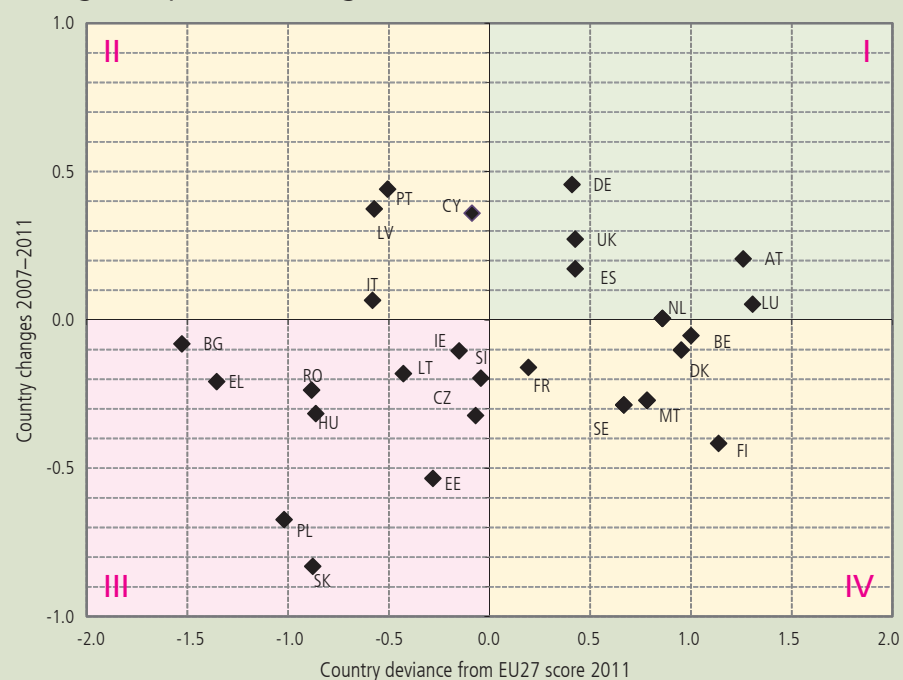
In terms of countries, satisfaction with public services was highest in Austria, Luxembourg and Finland and lowest in Romania, Greece and Bulgaria. In the EU27 as a whole, health services, education, childcare and public transport received roughly equally high ratings, with the state pension system getting the lowest rating overall. In some countries, ratings diverged markedly from these EU averages. Italians gave all their public

services a lower rating than EU citizens did overall. In Ireland, meanwhile, the health service received the lowest rating of all the services under consideration, while the state pension system was given a significantly higher rating than the EU average.

Effect of the crisis

The survey explored how Europeans feel their services are performing post-crisis in comparison to before. For each country in the figure below, we can see two things: how it ranks in terms of perceived quality of public services relative to the EU average (reading from left to right) and

Perceived quality of public services in Member States relative to EU27 average compared to change over 2007–2011



Source: EQLS, 2011

how it has improved or worsened over the period 2007–2011. The nearer a country is to the bottom of the chart, the worse its perceived quality has become; the higher it is in the chart, the better its perceived quality has become. Luxembourg has the highest perceived quality of public services; their rating by citizens has also improved slightly over time. Citizens in Portugal rate its public services below the EU average; however, they rate those services more highly in 2011 than they did in 2007. By contrast, while people in Finland rate public services well above the EU average, that rating has slipped markedly over the period. Of all the countries in the pink quadrant, on the lower left hand side, it should be noted that all but one of the eastern European Member States can be found in this block. Here, the countries' services are both rated worse than the EU27 average – notably Bulgaria and Greece – and are felt to have got worse; in the case of Poland and Slovakia, this decline is particularly marked.

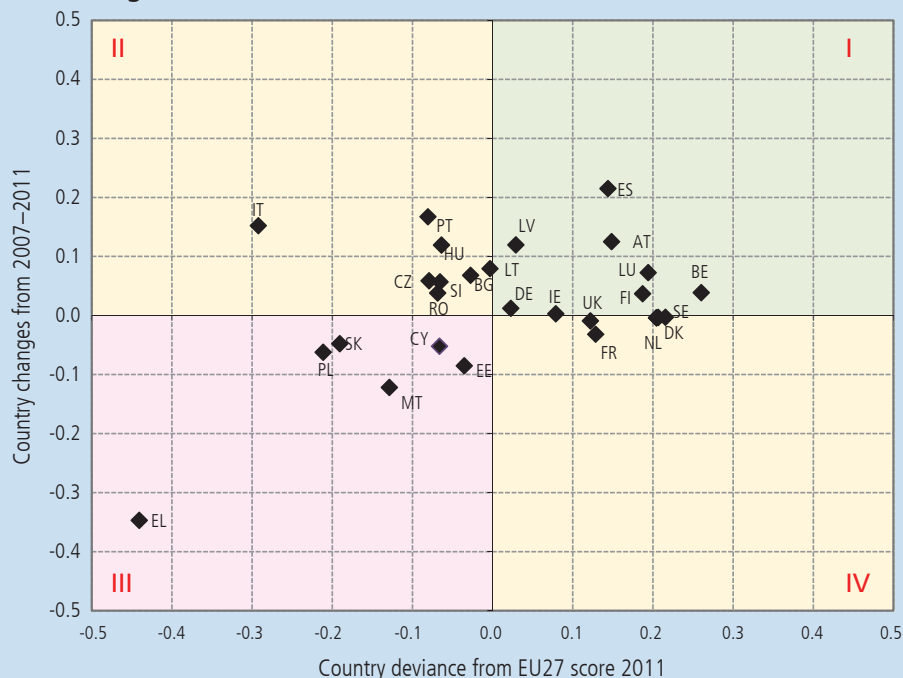
Spotlight on ... access to healthcare

In general – and perhaps surprisingly – Europeans rate access to their national healthcare services as being quite good – in terms of distance to a doctor or health centre, getting an appointment, waiting time to see a doctor, and the cost of attending a doctor. And despite the crisis, it appears to have improved overall across Europe. People in Greece, however, rate access to their health services as considerably more difficult since 2007: for instance, the proportion of Greeks having difficulty with the cost of services rose from 45% to 64%. Similarly, the proportion having difficulty with delays rose from 43% to 67%. By contrast, Italy, Portugal and Spain, similarly hard hit by the economic crisis, showed better scores in 2011 than in 2007; and while Italy and Portugal rank below the EU average for 2011, access to healthcare in Spain was among the best rated in the EU.

The chart indicates that for many countries, such as Sweden, Germany and Ireland, access is much the same as it was in 2007. Most countries are clustered around the centre of the chart, indicating that in 2011 the results do not differ markedly either from the EU average or from the ratings from 2007. Greece is well below the EU average, in addition to having fallen far behind its 2007 ratings.

Having access to adequate healthcare is a key element of good health: people who have ready access to services tend to feel that their health is good too. Accessible, responsive primary care services are among the measures that the World Health Organization proposes to ease the negative health consequences of the crisis (in addition to active labour market programmes to help people stay in jobs or gain new employment; programmes to support families under stress; and debt-relief measures).

Perceived access to healthcare in Member States relative to EU average and change over 2007–2011



Source: EQLS, 2011

Household debts – Taking the drama out of the crisis

An increasingly important cause of poverty – and distress – is over-indebtedness: households that made long-term financial commitments in better times are now finding it hard to manage their payments, and others may fall behind on paying for utilities because of reduced income. Can debt-assistance services play a role in helping EU citizens pull themselves out of chronic indebtedness?

Many EU residents are struggling to meet their bills and financial debts. For instance, in 2011, 24% of households in Poland were found to be in arrears on utility bills over the previous 12 months, and 19% were in arrears on their rent or mortgages. While poor households are more likely to take out small loans to service payments, finance emergency home repairs and pay for goods, yet such small, easily accessible loans often come with high interest rates. Missed payments can easily spiral out of control, with cumulative interest payments, fines and administrative costs.

Help with over-indebtedness

For those new to debt problems, as well as those who live in chronic poverty, debt advisory services, and other preventive and rehabilitative measures, can help get their finances – and often their lives – back on track. When no help is available, both society and the household in question suffer: over-indebtedness is linked to a range of problems, including depression and relationship breakdown.

With the crisis has come greater demand for support services alongside cuts in the resources available to ensure that

the services actually help the people they're aimed at. A recent Eurofound study examined debt advisory services in Europe, with a view to exploring how the access to and quality of services could be improved. The study identified successful debt-counselling measures and outlined the conditions that contribute to good practice. It also looked at research conducted in four selected countries: Hungary, Ireland, Portugal and Sweden. Each of these country studies included case studies of specific debt advisory services. Debt advisors, households receiving help and other stakeholders were asked about their experiences and their views on the success factors.

Improving advisory services

A number of key lessons were drawn from the study.

- Potentially helpful measures include anonymous first-contact options, multiple language and media channels, targeted marketing, early-warning systems and outreach services.
- Social partners can play an important role in providing information on the available services for employees: debt problems often arise as a result of sudden, unexpected unemployment.
- Waiting lists, unavailability of services and exclusion criteria such as debt or income limits were identified as barriers to access.
- Advice manuals were found to be useful, as were debt advisory teams composed of people from different backgrounds working together to develop long-term solutions for specific cases.

- A credible, well-communicated guarantee of confidentiality is essential.
- It is vital to build good relationships between debt advisors and other stakeholders, such as creditors, welfare offices and health services. Honest and consistent communication is an essential factor in building trust.
- Quality assurance requires that debt advisors be trained and registered. Also important is better integration of support areas such as legal assistance, financial advice, monetary relief and mental healthcare.

Housing policy

Finally, housing policies can play a role in emergency situations, facilitating the household's transfer to a more affordable dwelling. This is important, because households with debt problems often fear losing the roof over their heads. Indeed, problems often arise from costs related to housing in the first place. The impact of such concerns should not be underestimated: the EQLS found that fears over losing one's home had a notable impact on mental well-being – people in private rented accommodation feeling particularly insecure in this respect.



Juggling care and work – How to square the circle?

Childcare is an increasingly important element both in people's personal lives and in the European policy agenda. *Foundation Focus* looks at the extent to which it meets the needs of parents, children and society at large.

With the ongoing ageing of the European population and the increasing entry of women into labour markets, services that used to be provided in the family home – such as childcare – are increasingly being shifted to the paid service sector. They have become critical in terms of enabling women in particular to enter the workforce: as research has shown, 'female employment is one of the most effective means of combating social exclusion and poverty'.³

Certainly, greater access to childcare is associated with a higher employment rate for women. The cause and effect can work both ways: the availability of childcare enables women to enter the workplace, and where there is a strong female employment culture, there is likely to be good childcare provisions in place. This is certainly the case in the Nordic countries, the Netherlands, Germany and Austria. On the other hand, in Greece, Malta and Italy, the rates of women's employment are low, and childcare is less accessible, in part reflecting the quite traditional role that women still often play.

Data from the European Labour Force Survey show that, in general, having children has a negative impact on women's employment rates and is one of the main factors behind the differences seen in the employment rates of men and women.

Work-life balance

Naturally, time and energy are critical issues for those in work and raising

children. Both men and women are much more likely to have work-life balance problems if they are also raising children. And a key factor in how successfully parents can balance the demands of work and home life is the availability of affordable and good-quality childcare services. Around a third of all young parents (aged between 18 and 29) in the EU use, or would like to use, childcare services. However, 79% of these have experienced some kind of obstacle in accessing services – principally cost. And high childcare fees, besides making it more difficult for parents to enter the labour market, also reduce the incentive to do so, since taking a job can mean the loss of other benefits and tax concessions.

Quality in childcare

Quality is also an issue: for 27% of the parents who were interested in using childcare services, the poor quality of the available services made this problematic. A key element in safeguarding the quality of early childhood education and care (ECEC) services is ensuring the adequate training of staff and good working conditions. The OECD, in its 2011 report *Starting strong III*, states that high staff-child ratios, small group sizes and low staff turnover are positively linked to better developmental outcomes for children; wages, workload, the physical environment and the calibre of management, meanwhile, are linked to improvements in the quality of services, but are not so clearly linked to the outcomes for children. Professional development opportunities can make working in the sector more attractive and foster the creation of a high-quality pedagogic environment.

Creating quality childcare services is taken seriously in European policymaking; so too are the issues of staff training and ensuring good working conditions. For instance, since 2012, the Thematic Working Group on ECEC set up by the European Commission has been working towards setting up a European quality framework for ECEC services in 2014 – this will include quality principles related to the professionalisation of the ECEC workforce.

Policy

Recently, the European Commission also set up the European Platform for Investing in Children. This is part of the current efforts by the Commission to implement the Recommendation 'Investing in children – Breaking the cycle of disadvantage' (2013). This online platform contains information about evidence-based policies that can help children and their families in the context of the economic crisis.

Member States are also putting more emphasis on improving the training and working conditions of staff delivering childcare services. For instance, a national Association of Childhood Professionals has been established in Ireland. At the launch of the Association, the Irish Minister for Children and Youth Affairs announced that a new pre-school quality agenda is underway. This agenda will include new qualification standards, registration of all childcare providers, monitoring of the implementation of already existing quality frameworks and the increase of sanctions for non-compliance. In addition, a Child and Family Support Agency is due to be established in the near future, bringing together child protection, family support and other services for children.



3 Esping-Andersen, 2002, p. 4

Supporting care at home and in the community

With population ageing, care budgets shrinking and the incidence of chronic disability and ill-health on the rise, can Member States provide an adequate supply of skilled, motivated people working in home and community care? *Foundation Focus* looks at the evidence from across Europe.

Europe is getting older: the number of people aged 65 years or older is expected to rise from 89 million in 2010 to 125 million in 2030. Demand for healthcare is thus growing; and not only are there more old people, but longer life spans mean more people with chronic, long-term health conditions need care.

At the same time, this population ageing means that over the long term, the number of young people available to work in the care sector will not be sufficient to meet the demand. Already, in Denmark, France, the Netherlands, Spain and the UK, around a third of carers are over 45 years of age. Generally, the labour market for care and support services is characterised by shortages, especially of better-qualified staff. Although these shortages have been temporarily mitigated by the economic crisis and the resulting rise in unemployment, the European Commission foresees a shortfall of around one million long-term caregivers in 2020.

Working in the care sector

Care work is physically and emotionally demanding; combined with typically low salaries and a poor image, this puts many people off entering care occupations. Reduced budgets and a shrinking pool of working people paying tax to sustain social care systems make care systems harder to finance. In addition, the entry of more women into the labour force and the growing numbers of single-person households mean that less care can be provided informally within the family and must be paid for in formal arrangements. Increasingly, however, care is moving out of traditional institutional settings and into community- and home-based models. Indeed, it is expected that the number of people in home-based care will increase by 130% by 2050. Why is care moving



out of institutions? First, it costs less – a combination of the crisis and rising demand makes home- and community-based care more feasible financially. In addition, governments are increasingly seeking to maintain people's capacity to live independently for as long as possible. And the recipients of care usually prefer to be able to remain at home and in their community. Finally, developments in assisted living technology have boosted the possibilities for care at home.

More and better jobs

A recent study by Eurofound, *More and better jobs in home-care services*, examined recruitment and retention measures in home- and community-based care and support services for adults with physical and intellectual disabilities and chronic health problems – both physical and mental. The research focused on the situation in 10 Member States: Austria, Bulgaria, Denmark, France, Germany, the Netherlands, Poland, Portugal, Spain and the UK. In total, 30 case studies were conducted, analysing successful initiatives.

Four key strategies emerged: the first is the need to target unexploited labour reserves. In Austria, for instance, unemployed people and migrants to the country are targeted as candidates for working in care, migrants being provided with German-language training to enable their entry into vocational training.

A second key strategy is to stimulate education in the field. Again in Austria, one of the aims of the annual so-called 'Boys' Day' is to encourage more men into typically female professions and improve the image of social professions in society. For instance, male role models describe what it is like to work in care and education.

The third strategy seeks to ensure that those already working in the sector remain in it, by improving working conditions. Some initiatives have sought to professionalise the sector: in Poland, a new standard has been set for 3,000 social workers, whereby they can more closely support marginalised individuals and

communities. A two-day training course is accompanied by a bonus to provide an extra incentive for social workers wishing to upgrade their skills and job role. Employees may be retrained: in Denmark, to manage the high (and rising) incidence of chronic disease, a training initiative has been launched that boosts the skills profile of health professionals, to enable them to manage chronic disease in community-based care, with over 5,000 people taking part in 2010–2012. In France, an innovative scheme allows unqualified individuals who have been working in the sector for at least three years to get a professional diploma.

The fourth strategy aims to boost labour productivity, often by improving operational management. In the Netherlands, one programme has extended the role of highly skilled district nurses, whereby they coordinate the activities of a range of helping authorities – in housing, health and social care – for people in marginalised neighbourhoods. Also providing home-based care directly themselves, the district nurses are a cost-effective way of providing a coherent system of care. In Poland, people in the new occupational category of 'medical carer' now also carry out simple nursing tasks.

Impacts of positive change

The schemes also highlight the scope offered by direct payment systems, in which the client becomes the effective employer of care assistants. Experience indicates that simpler administrative procedures, and back-up plans that can swing in should the carer unexpectedly not be available, are among the factors important for the success of this approach. And the success of implementing assisted living technology is greatly improved by having specialised workers who can assess the needs of potential users, oversee the installation of equipment, provide training and raise awareness of the technology's potential among suitable groups.

The results of the 30 cases are promising. There are positive labour market gains, contributing to job creation and to the recruitment of staff and their retention. There are also social gains: unemployed people become socially included and empowered, and the quality of life of vulnerable citizens is boosted, as is the social cohesion in their neighbourhoods. And what is especially promising, the initiatives have demonstrated that they are financially sustainable and can be transferred to other situations.

Europe's newest Member State – How is it faring?

On 1 July, Croatia joined the EU, making it the 28th EU Member State. Eurofound has been reporting on developments in living and working conditions in Croatia – as for all candidate and accession countries – throughout the accession period. The European Quality of Life Survey (EQLS) has covered Croatia in two waves – in 2007 and 2012 – and Eurofound will publish extensive analysis and trends based on these data in the first quarter of 2014. To mark Croatia's accession, *Foundation Focus* presents some headline findings from the third EQLS.

The EQLS gathers information that goes beyond standard economic data such as GDP and employment rates. How we perceive the world we live in, our immediate surroundings, family, social contacts and society as a whole have a significant impact on our personal well-being and life satisfaction. Belonging rather than feeling excluded, being able to combine working and non-working life, having access to good housing, education, health and other public services – all these are necessary conditions for citizens to be able to participate fully in society.

Life satisfaction

On average, people in Croatia rate their life satisfaction at 6.8 on a scale of one to 10. This is below the average in the EU27 (7.1), where life satisfaction levels range from 5.5 in Bulgaria to 8.4 in Denmark. As in most countries, people in Croatia rate their satisfaction with life generally lower than their happiness (7.3). This gap tends to be largest in countries where life satisfaction is low, suggesting that people are able to compensate for dissatisfaction with their quality of life through, for instance, family relations and personal adjustments. The gap between

life satisfaction and happiness in Croatia (-0.5 points) is somewhat larger than it is in the EU27 on average (-0.3), and somewhat smaller than the gap noted in Bulgaria (-0.8), where life satisfaction is lowest.

Young people in Croatia are the most satisfied of all age groups with their lives. In fact, young people in the country are more satisfied with their lives than their counterparts in the EU, rating their life satisfaction at 7.6 out of 10 as against 7.4 in the EU27.

The third EQLS overview report shows that health, income and age have the most significant correlation with subjective well-being in the EU. Interestingly, in Croatia, being unemployed has less of an impact on how satisfied people are with their lives than in many other EU countries, where unemployed people are much less satisfied with their lives than others. This suggests that Croatians may have support networks that make them less dependent on the job alone.

Living standards

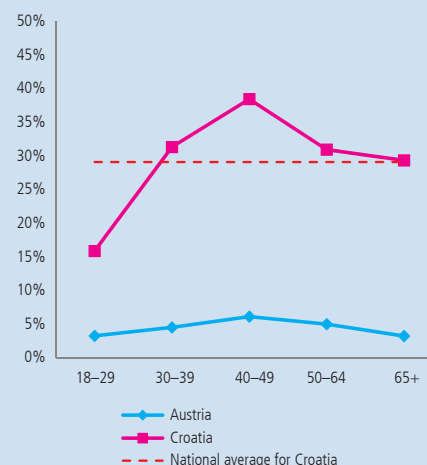
In Croatia, satisfaction with the standard of living is lower than the EU27 average but higher than in the candidate and pre-accession countries, except for Iceland. As in most countries outside western Europe, people aged between 30 and 65 are the least satisfied with their standard of living while young and old people are more satisfied.

However, sustaining and enjoying an adequate living standard may be challenging in Croatia, since almost a third of people report having difficulties in making ends meet. This figure is slightly lower than in Serbia (31%) but higher than in the other candidate and pre-accession countries. In the EU27, only people in Bulgaria and Greece have more



difficulties making ends meet. One reason for the difficulty in making ends meet in Croatia may be that price levels in the country have risen sharply since the early 2000s – they are currently almost as high as in neighbouring EU countries Austria, Italy and Slovenia. This situation is particularly problematic for single parents and single-income households.

Difficulty making ends meet, by age group (%)



Note: The figures are the percentage of respondents who said they found it difficult or very difficult to make ends meet.

Source: EQLS, 2012

Compared to younger people, making ends meet is also difficult for those aged between 40 and 49. The same pattern is found in the other countries that were formerly part of Yugoslavia. This suggests that the negative consequences for people joining the labour market in times of crisis (in this case, the Balkan wars in the 1990s) have persisted up to the present time.

In Croatia, 56% feel optimistic about the future. While this is above the EU average (52%), there are many countries where optimism is more widespread. It is particularly notable that optimism

in Croatia is lower than in the other enlargement countries examined.

Trust levels

Trust in other people is seen as a key indicator of social capital. Overall in Croatia, the level of general trust in people is 4.6 on a scale of one to 10. In the EU27, 19 EU Member States have higher levels of trust than Croatia, where the score is similar to that in Bulgaria (4.5), Malta and Lithuania (both 4.7). In comparison with the other enlargement countries, levels in Croatia are closer to the lower end of spectrum (3.6, former Yugoslav Republic of Macedonia) than to the highest score (6.3, Iceland). In Croatia, as is typically found in research on social capital, people's tendency to trust others increases with their educational attainment. Another factor that matters in Croatia is extreme hardship, which appears to have a depleting effect on trust.

Trust in public institutions is low – this is not surprising as in periods of widespread spending cuts people tend to be very critical of the representative political institutions at national level. In Croatia, the EQLS shows that trust in government is 3.3 out of 10, which puts it below the EU27 average (4.0), but ahead of eight EU Member States (in the EU27 trust is lowest in Greece at 2.1). In the enlargement countries, trust in government is lowest in Serbia (3.0).

Trust in parliament, the legal system and local authorities (3.0, 3.2 and 3.3 respectively) is also low in Croatia. The findings echo earlier research that linked lower levels of trust in Croatia to the high levels of perceived public sector corruption (see *Quality of life in Croatia, the former Yugoslav Republic of Macedonia and Turkey*).

Low trust in local authorities distinguishes enlargement countries (except Iceland) from nearly all EU countries where there is higher trust in local authorities than national institutions. These features may have implications for regional and infrastructure development in the future and may send a signal for strengthening institutional capacities.

With regard to social cohesion, one-third of those surveyed in Croatia believe there is a lot of tension between different ethnic and racial groups in the country. However, the ethnic composition of Croatia is much more homogeneous (90% of residents are Croats) than in the other western Balkan countries.

Further risks to Croatia's social cohesion are found in the widespread sentiment that there is a lot of tension between poor and rich people (61%). This is the highest proportion noted for the seven enlargement countries surveyed (Serbia follows at 48%) and is at similar levels to some central and eastern European Member States.

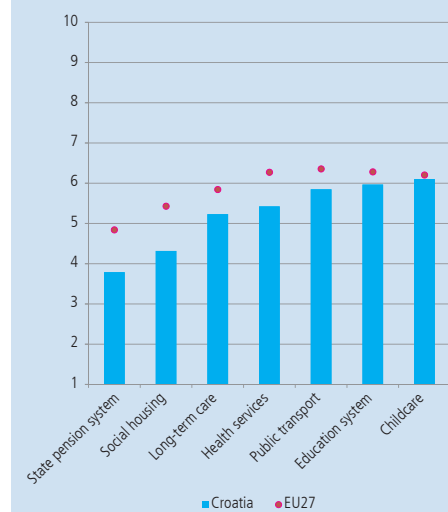
Public services

Among the public services that the EQLS asks about, people in Croatia give the highest quality ratings to the education system (6 out of 10) and childcare (6.1); these levels are similar to the EU27 average. The proportion of people with children who use childcare services (25%) is similar to other countries in the western Balkan region, but is lower than the EU average (34%).

The quality of health services is rated at 5.4, while it is 6.3 in the EU27. Difficulties in accessing a doctor (for reasons such as distance, delays or waiting times) are at similar levels to the EU27, but cost poses a great difficulty to just 5% of people – a somewhat smaller proportion than in many other European countries. With the long-term care quality rating at 5.2, Croatia is in the middle range of surveyed countries.

Lowest rankings in Croatia are given to social services based on social transfers, such as long-term care, social housing and state pensions. Croatia has one of the lowest ratings given to the state pension system (3.8); people of pre-pension

Perceived quality of public services, scale of 1–10

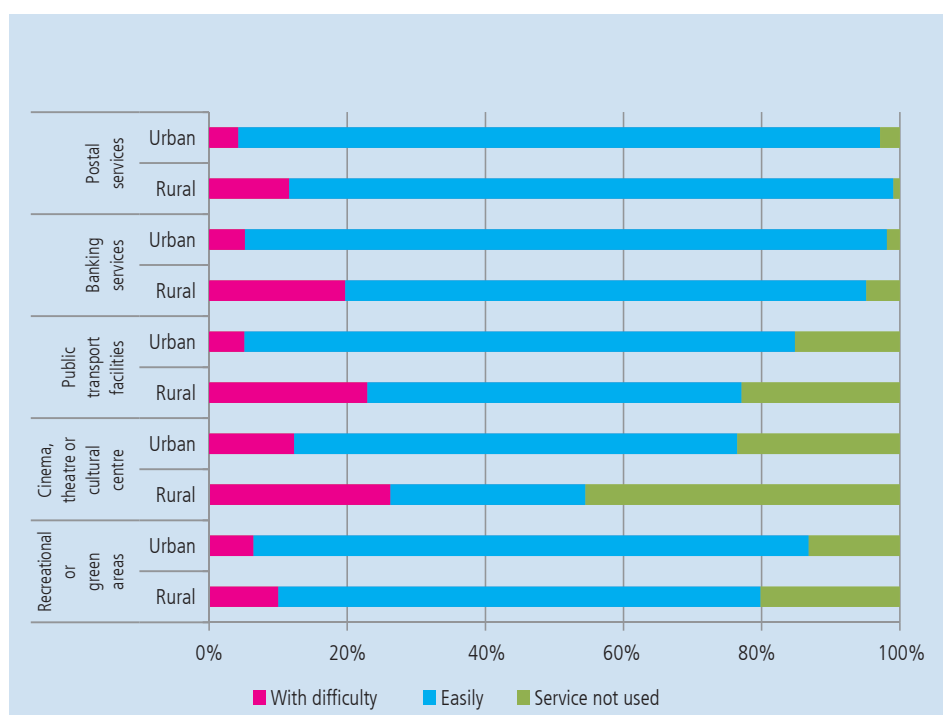


Source: EQLS, 2012

age (50–64 years) are most critical of it (ranking it at 3.4).

The rural population is considerably more disadvantaged than the urban population with regard to the availability of many types of services. Access to banking services is a problem for 20% of people in rural areas while access to cultural facilities is a problem for 26%. In addition, 46% of the rural population say they do not frequent cinemas, theatres or cultural centres at all.

Assessment of public transport differs most between urban (6.2) and rural areas (5.4): 23% of the rural population report 'great difficulties' in accessing public transport facilities.



Source: EQLS, 2012

Changing fortunes in Europe's central public administration

When discussing public services, and the quality of them, central public administration (or CPA) is not directly under the spotlight: in the case of many formerly publicly run services, the delivery has been privatised or outsourced. Nevertheless, the issue of the role of CPA in implementing and monitoring services of general interest has dominated the European debate for at least a decade.

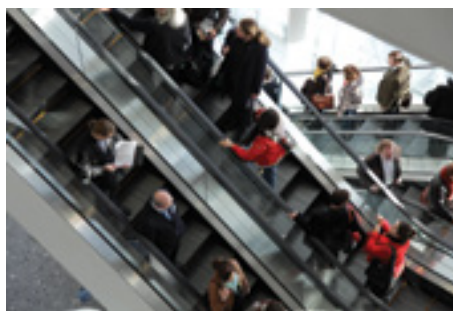
Diverse in size and structure, CPA is at the very heart of the public sector. In each EU Member State, specific administrative units and departments are dedicated to implementing and monitoring governments' decisions and legislative measures. In the EU27 and Norway, there are almost 9.7 million CPA workers. In the majority of countries, civil servants represent more than 60% of the CPA workforce.

Specific rules apply to many CPA positions in terms of recruitment procedures, employment contracts, training, working conditions and industrial relations.

Focus on working conditions

While CPA has been traditionally seen as offering better working conditions than other sectors, that picture is changing. Substantial restructuring, as well as more recent (but in some cases more profound) austerity measures, have affected both working conditions and industrial relations, leading to what may be a reduction in the quality of employment for CPA workers. Despite the popular belief in the static nature of CPA, most EU Member States launched structural reforms and restructuring processes well before the onset of the 2008 economic crisis. This was motivated by a feeling that the private sector was better placed to provide cost-effective services than the public sector, as in the UK, or by the need, as in Portugal, to improve the efficiency of the CPA and make it more citizen-orientated.

Cost-saving concerns have been a secondary preoccupation; recently,



however, they have become more important as a result of the crisis. Recent public administration reforms are moving the emphasis from a 'soft' approach intended to boost efficiency and ensure a long-term reduction in costs to a strategy primarily based on cost-cutting and cost-efficiency measures. These reforms have triggered downsizing and job freezes in public employment, as well as a deterioration of working conditions.

Eurofound's report *Working conditions in central public administration* looks at working conditions in CPA across European countries. The rare specific data that are available on working conditions in CPA throughout Europe confirm that workers have better working conditions than their counterparts in the private sector and the public sector overall – even in public administration in general. This traditionally applied to aspects such as job security, the level of autonomy in the job, working time and work-life balance, specifically as reported in Austria and Finland. Nonetheless, some elements of quality of work seem to be less developed in CPA, such as opportunities for career advancement and involvement in skills developments and vocational training.

Austerity measures

This broadly positive picture of employment in CPA is nevertheless increasingly deteriorating. Since 2008, most governments have taken austerity measures to address the crisis, highlighting long-standing, cost-saving issues mainly related to reducing the public sector pay bill. Beyond the direct cuts in income and pay freezes, other cuts have been put in place, related to bonuses, sick leave and pensions. In addition, other, not so well-known negative impacts have been reported: for instance, greater workloads and less cooperation and feedback from supervisors in Estonia, and increasing stress levels in Belgium and Germany.

Outlook for the future

Furthermore, prospects for the future look bleak in several Member States. Plans

being developed for the years ahead will have serious impacts on the number of civil servants employed in CPA and on working conditions in general. Most Member States have put in place proposals for downsizing the CPA. Perhaps not surprisingly, these include the countries involved in the IMF/EU/ECB programme: Ireland, Greece and Portugal. What is more surprising is the widespread use of these measures, across all types of social welfare regimes and independently of the impact of the crisis. For instance, workforce reductions are planned in Belgium, Denmark, Finland, France and Germany.

With wage freezes and other income-related cuts being planned, the main negative impact foreseen is on income, affecting CPA workers all over Europe well beyond 2016–2020. However, negative impacts can also be expected due to increasing uncertainty regarding – for example – job security, and further increases in workloads.

Industrial relations

Related to this is an increasingly tough road ahead for social dialogue. First of all, the severity of the crisis jeopardises the implementation of already concluded agreements. In Spain, for instance, an agreement signed in 2009 set out 50 measures intended to increase the quality and efficiency of public services, modernise the administration and improve working conditions. However, it has yet to be applied.

Secondly, the social actors' positions appear to be increasingly divergent, threatening the social dialogue processes. Government representatives (in some countries with support from private business associations) state that reforms are needed to modernise, streamline and reduce national budget deficits. By contrast, trade unions, although recognising the need to both modernise administrations and tackle budget imbalances, are highly critical of the approaches adopted and their associated consequences.

Improving service quality

Quality improvements in the services delivered, as specified in many CPA reform programmes, have not been systematically assessed and demonstrated. Given the prospects of further employment reductions and the worsening of working conditions, it seems unlikely that such improvements will be achieved in the near future.

Quality of life in Europe – Exploring the data graphically



Eurofound's European Quality of Life Survey (EQLS) – carried out every four years – examines the circumstances of people's everyday lives such as employment, income, education, housing, family, health and work-life balance. It also asks how they feel about those circumstances and their lives in general: how happy they feel, how satisfied they are with their lives, and how they rate the quality of their societies.

In each wave of the survey, a sample of the adult population has been selected randomly for a face-to-face interview. In 2011–2012, the third EQLS covered 34 countries: the then 27 EU Member States and Croatia, Iceland, the former Yugoslav Republic of Macedonia, Montenegro, Serbia, Turkey and Kosovo. Having been conducted three times since 2003, the survey now is in a position to delineate trends over time – particularly important when assessing the impact of the economic crisis on quality of life.

Survey mapping tool

In addition to the third EQLS overview report, and the secondary analyses being published over the course of 2013, the data from the survey are also available from Eurofound's Survey Mapping Tool, an interactive online application that shows the results for 125 questions. The data can be accessed free of charge. Depending on user requirements, the data can be presented in the form that is most suitable. For every question presented, users can perform the following tasks:

- view the data on a map or in bar charts or tables;
- click on a country to see the data for this country;
- compare one country with another or with EU averages;

- see the data broken down by gender, age and income level;
- download data as an .xls or a .csv file;
- save as an image.

Progressive improvements will be made over the rest of 2013, in particular, the addition of time series allowing comparisons between 2003, 2007 and 2011–2012.

The survey is currently available in 24 European languages.

Range of questions

Questions are grouped into eight broad themes: within health and public services, for example, there are 18 questions.

Focusing on the rating given by citizens to their social housing provision, it can be seen that Austrian citizens give their social housing the highest rating (7.2 out of 10), while people in Bulgaria give the lowest (3.4).

Age is the default sorting; however, you can also sort by income and gender, and specify age groups and income levels within this selection.

In addition to a map, you can also view the data in a bar chart, comparing all Member States, or just two countries.

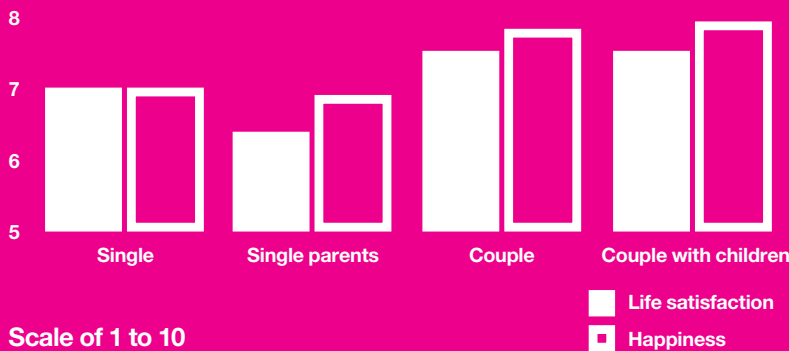
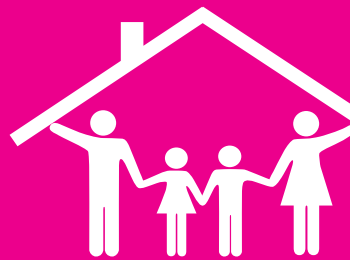
Users can also generate images of the maps and bar charts – in PNG format for presentations, for example, and in high-resolution EPS format, which can be manipulated in Adobe Illustrator and used in print publications (later in 2013, other formats will be available). You can explore Eurofound's quality of life data at www.eurofound.europa.eu/surveys/smt/3eqls/index.EF.php



Findings in pictures – Life in Europe, 2011



Does life satisfaction and happiness vary by household type?



There is a growing emphasis, globally and in the EU, on moving beyond GDP as a measure of socioeconomic progress and developing a much broader concept of societal and economic progress, one rooted in the concept of quality of life. Using 'quality of life' as a term recognises that well-being is multidimensional in nature. The aspects of life that can be included range from the tangible aspects, such as poverty and health, to the more social, such as having sources of material and emotional support, to the more intangible, such as having the freedom to make life decisions for oneself.

How are societies faring?

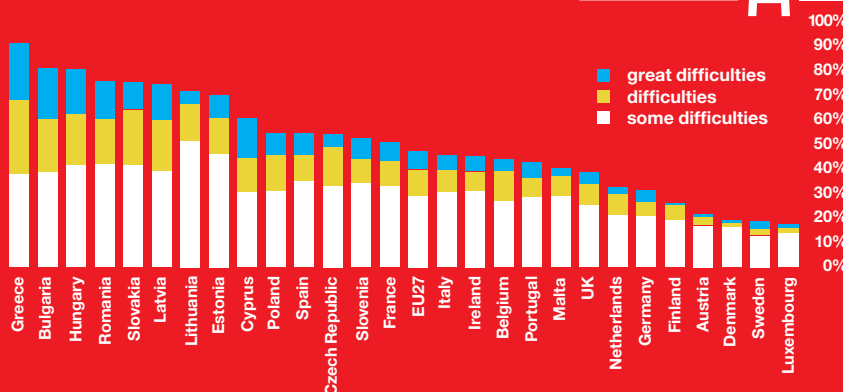
Eurofound first conducted its pan-European Quality of Life Survey (EQLS) in 2003, part of the vanguard of the thinking that adopted quality of life as a truer measure of how societies are faring. It was conducted again in 2007 and in 2011–2012.

The third wave of the survey interviewed over 43,000 people in 34 European countries. Its broad range of indicators on different dimensions of quality of life, both objective and subjective, provide a comprehensive portrait of living conditions and permit a detailed examination the factors that either boost it or compromise it.

The EQLS explores issues pertinent to the lives of European citizens: employment, income, education, housing, family life, health, work–life balance, satisfaction with life and how people perceive their societies.

Fieldwork for the third EQLS took place from September 2011 to February 2012. People aged 18 and over, who had been resident in the EU for at least six months, were interviewed face-to-face in their own homes – mainly about their circumstances, but in some cases (such as income and accommodation) about

Are you having difficulties in making ends meet?



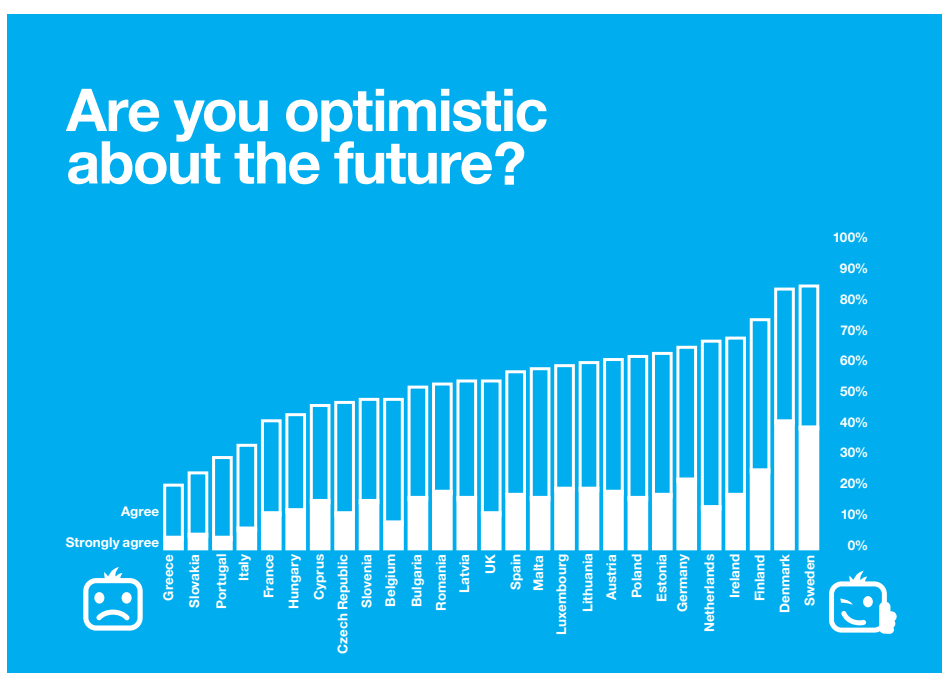
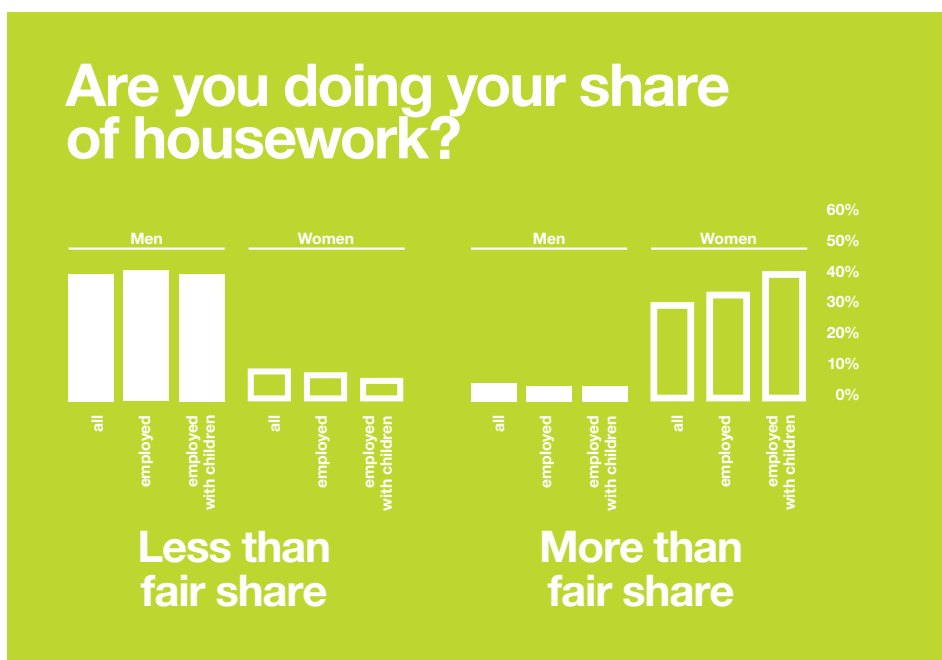
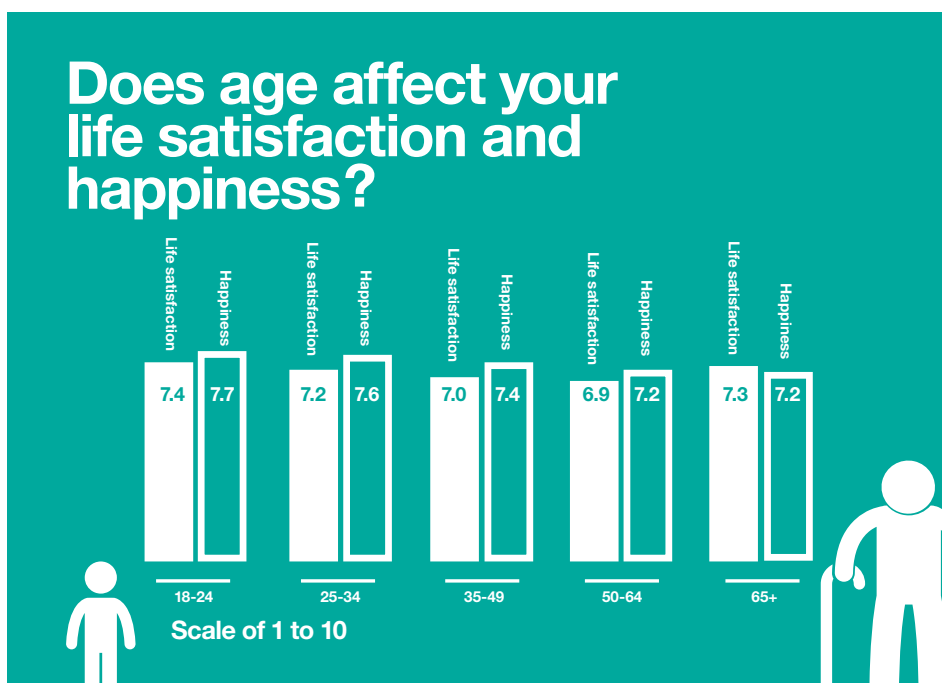
their households. Between 1,000 and 3,000 interviews were completed in each Member State.

How is Europe changing?

Carrying out the survey every four years, in addition to taking a snapshot of quality of life in that year, also enables a picture to be drawn of how Europe is changing.

Most dramatically, the onset of the economic crisis in 2008 has profoundly changed the lives of many Europeans, resulting as it has in a social crisis in many countries and for many social groups. People are having greater difficulty making ends meet since the economic crisis began. While overall life satisfaction levels have not changed much, optimism about the future and trust in institutions have declined markedly in those countries most affected by the downturn. In many countries, people also feel that there is now more tension between people from different ethnic groups. And groups that were already vulnerable – long-term unemployed people, older people in central and eastern Europe and single parents – report the highest levels of material deprivation and dissatisfaction with their life situation. However, Europeans still continue to get the greatest satisfaction from their family life and personal relationships.

The findings from this survey, and its predecessors, are available on Eurofound's website at <http://www.eurofound.europa.eu/surveys/eqls/index.htm>



Public services and austerity measures



Across the public sector in Europe, the economic crisis has had a deep impact on working conditions and industrial relations, as highlighted by the articles on Eurofound's European Industrial Relations Observatory (EIRO) website. Social dialogue is weaker due to a return to government and public employer unilateralism. The influence of the trade unions has waned, primarily because trade union density and membership has declined. Although trade union membership in the public sector is higher than in the private sector, it continues to fall, weakening unions' influence on fiscal policies and undermining their ability to resist moves towards top-down wage determination. And collective bargaining has become more decentralised.

Public versus private sector

Public service trade unions historically occupy a different space from that occupied by the private sector – and the economy in general. Trade union influence has traditionally been encouraged through a variety of inclusive mechanisms in a sector where the workforce differs notably from the private sector workforce. In the public sector, in contrast to the private sector, there is a substantially higher percentage of female employees, more part-time work and more temporary employment. The public sector workforce is generally older and is more likely to have third-level education. And there are often special privileges for public service employees that do not apply to the private sector.

Examples of reform

Although industrial relations in the public sector differ widely across Europe, austerity measures adopted across the EU have produced noticeably similar trends – the case of Portugal being a stark example. A list of measures severely affecting working conditions in the public sector was proposed in early 2013. The suspension of holiday allowances,

pension reductions and enforcement of levies on sickness allowances – because they specifically targeted public service workers – were found to be unlawful and in breach of the country's constitution; hence, the Constitutional Court rejected them in April 2013. The government immediately announced a new set of measures, even more draconian than the first. In particular, civil servants were faced with redundancies, longer working hours, less annual leave, wage cuts and larger health contributions. Moreover, it is planned to reduce the workforce by 5%. Employees in the special 'mobility pool' (those who are surplus, and on half-pay as a result of reorganisations within the public sector) and who have had their wages cut several times cannot stay in the system more than 18 months. Fierce opposition from trade unions has failed to sway the government.

In Slovenia, the government and trade unions in the public sector agreed on austerity measures that touch on more than 40 laws and other areas of legislation. They also affect aspects of industrial relations, pay and other benefits for public sector workers. A reduction of 8% in public sector salaries has already been agreed, not to be revisited until the end of 2013. Although the measures have not received the full assent of trade unions, a planned strike against them was called off.

Meanwhile in Ireland, an agreement for the public sector has been superseded. In the original agreement, known as the 'Croke Park Agreement', the government gave a guarantee to trade unions that no compulsory redundancies or further wage cuts would take place for a four-year period (to end in 2014), in return for the unions' cooperation with major workplace changes, redeployment of staff and a range of other public service reform measures. However, following the unions' rejection of additional savings sought under the agreement ('Croke Park Two') the Irish government introduced legislation to enable a series of pay

reductions. Further discussions between the Labour Relations Commission chief executive and the 20 unions involved led to a new pay deal (the 'Haddington Road Agreement'), which has been accepted by most public sector unions. The government says this agreement will save €1 billion by 2015.

In a quite different situation in Latvia, public sector pension reforms threaten employees who previously enjoyed special prerogatives, with those who looked forward to a short working life being specifically targeted. This includes employees as diverse as police and workers in the cultural sphere. People in dangerous occupations typically count on an early pension and this is a key element in recruiting staff. The Procurator General has warned of a loss of expert staff, including large numbers of state prosecutors and police. A total of 112 officers left the police force in March this year because of their concerns. Here, as elsewhere, the state proposes to reduce pensions, raise the eligible age for retirement and restrict the ability to carry over these pensions if transferring to another job.

Impact on social dialogue

More time is needed to better assess what these changes will mean. But certain trends are clear. The austerity programmes in response to the economic crisis have both damaged union participation and interrupted social dialogue. The extent of trade union density and levels of membership in the public sector have enabled some social dialogue to take place. But, in a sector where the employers are governments and municipalities, austerity responses to budget demands have caused severe fractures in social dialogue. The spirit of cooperation that characterised earlier responses appears to have suffered. An across-the-board service reduction, in an attempt to reduce revenue expenditure, has triggered conflicts where agreement previously reigned.

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