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Time to (re)invest on families: Introducing the ‘family friendly inclusive growth’ paradigm in the EU social and economic agendas



By Gabriel Amitsis, Professor of Social Security Law and Director of the Social Administration Research Lab at the University of West Attica in Athens

INTRODUCTION

The legal, economic and social protection of families is currently a controversial topic within the European Union (EU). While demographic trends seem to suggest that family structures and attitudes across Europe are converging and that most families (particularly those with many children) are facing similar social problems, EU bodies are still struggling to develop a common European family friendly agenda that could address a key institutional shortcoming: the limited impact of current EU legislation and policy on the demographic increase of the European population and the welfare of families, particularly through the coordination of national family and demographic policies. But the demographic situation in the EU has an important influence on a number of areas, ranging from the labour market, to healthcare and pension systems, and education. Recent developments reinforce already existing demographic trends: a strongly ageing population due to lower fertility rates and increasing life expectancy, coupled with a shrinking working-age population. According to [available research](#), the coronavirus

pandemic has led to slightly higher mortality rates and possibly to lower birth rates, mainly owing to economic reasons such as increased unemployment and poverty.

The development of family policies within the EU framework is in principle a responsibility of the Member States due to the current structure of competences of the EU, as laid down in the Treaty on the Functioning of the European Union (TFEU). The competences of the EU are divided into three categories: (a) the EU has exclusive competence (Article 3 TFEU) - only the EU can act; (b) competences are shared between the EU and the Member States (Article 4 TFEU) - Member States can act only if the EU has chosen not to; (c) the EU has competence to support, coordinate or supplement the actions of the Member States (article 6 TFEU) – in these areas, the EU may not adopt legally binding acts that require the Member States to harmonize their laws and regulations.

In this national-driven context, governments have introduced different agendas of family policies, based on the traditional classification between social protection, labour-market integration, and guarantee of social and civil rights, particularly for families unable to take advantage of fiscal and economic development policies.

Although the regulation, administration and funding of family policies is in principle a responsibility of the EU Member States due to the current structure of competences of the EU, EU bodies (particularly the European Parliament and the European Commission through its Directorate General for Employment, Social Affairs and Inclusion) have taken a strong position to support the active participation of families in society and the economy. The EU has adopted and applies as part of its shared and supportive competences a hybrid family rights framework, pro-

Policies under the family policy umbrella include paid leave, adoption, child care tax credit, long-term care, school finance, special working conditions for parents, and so forth; family policy also ensures child protection and child and spousal support and attempts to resolve conflicts between work and family. A demographic policy is an organic and integrated set of procedures designed to influence population growth and movement directly and indirectly in accordance with predetermined objectives.

moted by a complex set of (binding and non-binding) legal instruments and supported by funding machineries (the European Investment and Structural Funds) particularly through the Cohesion Policy.

Taking as a starting point the challenging

balance between the nexus of EU versus national family law and policy, this article introduces the concept of 'family friendly inclusive growth' and discusses its advantages as a new principle of EU policies related to families and their children.

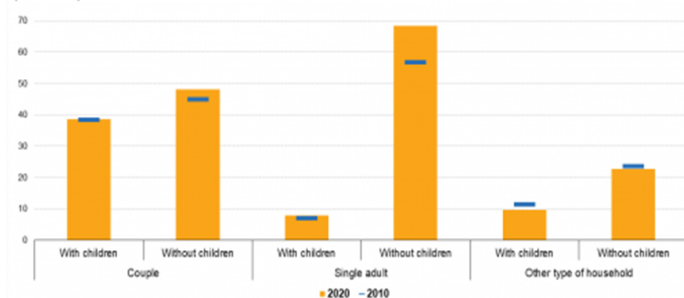
1. What available statistical data show

During the last decade (2010-2020), the total number of households in the EU increased by 7.2%. In 2020, the European Union recorded 195.4 million households with on average 2.3 members per household. However, only three EU Member States remained unchanged in terms of household size (namely Luxembourg, Denmark and the Netherlands). All other EU Member States recorded a decrease in the average number of persons per household. The largest decreases since 2010 were observed in Sweden with the average household size decreasing from 2.0 in 2010 to 1.5 members in 2020, Latvia (from 2.6 to 2.2 members), Malta (from 2.9 to 2.6 members) and Estonia (from 2.3 to 2.0 members).

The [evolution of household composition](#) over time also shows some changes. Single adult households (i.e. households consisting of only one adult, living with or without children) increased much faster, namely by 19.5 % in the same period. This growth is even more pronounced in single adult households without children (+20.3 %), as evidenced by available statistical data (see Figure 1). Households made of a couple (lawful unions or by contract), with or without children, registered a slower increase of 4.0%. This growth is almost entirely due to the higher number of couples living without children.

Moreover, households with two (not being a couple) or more adults, named also "other type of households" (i.e. an economically independent adult child living with one or two parents, elderly person living with other members of the family, economi-

Households by type and presence of children in the EU, in 2010 and in 2020
(in millions)



Source: Eurostat (online data code: ifst_hhnhtych)

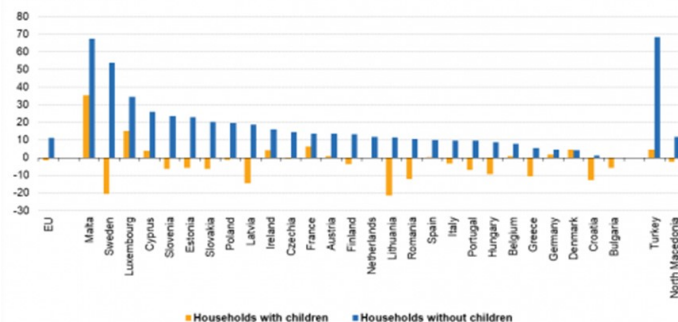
A strong evidence-based fact about family poverty

Sustainable and decent work is a long-term route out of poverty for families, given that 'increasing income from employment' is the key driver of poverty reduction. However, to be sustainable, employment needs to offer parents decent rates of pay, good training and support, opportunities to progress, a flexible working environment and enough hours in work to provide a wage that, as a minimum, meets basic family needs.

cally independent roommates), decreased by 7.4% over the 2010-2020 period in the EU. The decrease in this type of household is even higher for households with dependent children (-15.7%) than for those without children (-3.4%).

In 2020, the EU recorded an increase of 11.2% in households without children and a decrease of 1.4% in households with children, compared with the situation in 2010 (see Figure 2). At national level, all countries, with the exception of Bulgaria which showed no change, recorded an increase between 2010 and 2020 in households without children, ranging from +67.6% in Malta, +54.0% in Sweden, +34.6% in Luxembourg and +26.2% in

Growth rates of households with and without children by country, 2010-2020 (%)



Note: Break in series in Bulgaria, Germany, Poland and Romania in 2010; break in series and provisional data in Germany in 2020; Swedish data should be interpreted cautiously, as household data is not yet calibrated for non-response against administrative data. Source: Eurostat (online data code: ifst_hhnhtych)

eurostat

Cyprus to +1.1% in Croatia, +4.2% in Denmark and +4.6% in Germany. Regarding households with children, the development is relatively disparate among the Member States: the number of households with children decreased in 17 EU Member States, with the largest decrease in Lithuania (-21.3%). It remained stable in Spain, however, and increased in 9 EU Member States, including Luxembourg and Malta, where it increased by more than 15% (+15.1% and +35.4%, respectively).

The 2020 distribution of households shows that the share of households in which children live can vary considerably from one country to another. At EU level, around three in ten households (28.7%) include children. At the top of the scale, children lived in one third or more of households in Ireland, Poland, Portugal, Cyprus, Slovakia, Malta, Romania and Luxembourg. In Sweden, Finland, and Germany, children were found in less than one out of every four households.

Households with one child are the most common among households with children. In 2020, in the EU, almost half of the households with children included one child (47.5%). Portugal, Lithuania and Latvia showed the highest shares of households with one child, i.e. ranging between 55% and 57%. However, in Ireland, Sweden and the Netherlands, households with one child constituted less than 40% of households with children (see Figure 3).

At EU level, four in ten households with children (39.9%) included two children in 2020. Households with two children or more were most frequent in Ireland, Sweden the Netherlands, Slovenia and Croatia. In those countries, there were more households with two children than with one child.

In the EU, 12.6% of the households with children in 2020 consisted of households with three or more children. Ireland, Finland, Belgium, France, the Netherlands, Sweden and Croatia recorded the highest share of households with three children or more, all above 15.0%; in Portugal (6.3%), Bulgaria (7.4%), Italy (8.1%), Spain (9.3%), Lithuania (9.4%) and Greece (9.8%), less than one in ten households with children had three children or more.

2. The placement of family within the current EU inclusive growth discourse

Inclusive growth was the third priority of the Europe 2020 Strategy, the [EU's Strategy for a smart, sustainable and inclusive growth](#) covering the period 2010-2020. It means empowering people through high levels of employment, investing in skills, fighting poverty and modernizing labour markets, training and social protection systems so as to help people anticipate and manage change, and build a cohesive society. It is also essential that the benefits of economic growth spread to all parts of the Union, including its outermost regions, thus strengthening territorial cohesion. It is about ensuring access and opportunities for all throughout the lifecycle.

Family development was not included in 2010 among the objectives / targets of the inclusive growth discourse, although other previous EU institutional agendas have defined family as the cornerstone of the European fabric. This is particularly the case of the [EU Charter of Fundamental Rights](#), not to be confused with the 1989 [Community Charter of the Fundamental Social Rights of Workers](#), a principles-based codification of rights without any legal effect.

The EU Charter of Fundamental Rights was adopted in Nice in 2000. After being amended, it was proclaimed again in 2007. However, only with the adoption of the Treaty of Lisbon on 1 December 2009 the Charter came into direct effect, as provided for by Article 6(1) of the Treaty on European Union (TEU), thereby becoming a binding source of primary law.

The Charter includes specific provisions on family development. Article 33 states - under the title 'Family and professional life' - that:

1. The family shall enjoy legal, economic and social protection.
2. To reconcile family and professional life, everyone shall have

the right to protection from dismissal for a reason connected with maternity and the right to paid maternity leave and to parental leave following the birth or adoption of a child'.

Although the Charter is still in force, the mandate about family protection is not a clearly defined priority within other recent EU institutional initiatives. This is particularly the case of the [European Pillar of Social Rights](#). In 2017, the European Parliament, the Council and the European Commission jointly proclaimed the European Pillar of Social Rights at the Gothenburg Summit, an overall policy framework meant to achieve better working and living conditions in the EU. It sets out 20 key principles which represent the beacon guiding towards a strong social Europe that is fair, inclusive and full of opportunity in the 21st century.

The European Pillar allows for a better degree of coordination, integration and improvement of social policies across the EU. Its three core themes - equal opportunities and access to the labour market, fair working conditions and social protection

and inclusion - are all relevant to families and each area raises important questions about family rights. But any straight reference to the protection of family concept is missing, given that focus is given only to reconciling family and professional life.

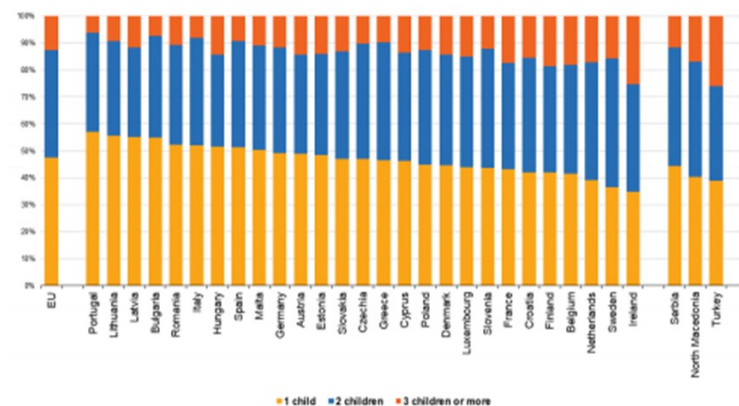
The European Pillar does not reiterate the paradigm of art. 33 par. 1 of the EU Charter of Fundamental Rights; it simply acknowledges the economic values of work-life balance, as evidenced through the interpretation of Principle No. 9:

'Parents and people with caring responsibilities have the right to suitable leave, flexible working arrangements and access to care services. Women and men shall have equal access to special leaves of absence in order to fulfil their caring responsibilities and be encouraged to use them in a balanced way'.

The same residual approach was adopted in the [European Pillar of Social Rights Action Plan](#), published on March 2021, which sets out concrete initiatives to achieve the 20 Principles through a joint effort by EU institutions, national, regional and local authorities, social partners and civil society actors. This Action Plan proposes three EU headline targets to be achieved by the end of the decade in the areas of employment, skills, and social protection (The European Pillar of Social Rights Action Plan [europa.eu](#)):

- At least 78% of the population aged 20 to 64 should be in employment by 2030
- At least 60% of all adults should participate in training every year

Households by number of children and country, 2020
(% of total households with children)



Note: Break in series and provisional data in Germany in 2020; Swedish data should be interpreted cautiously, as household data is not yet calibrated for non-response against administrative data
Source: Eurostat (online data code: ifst_hhntych)

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- The number of people at risk of poverty or social exclusion should be reduced by at least 15 million by 2030.

3. The need for a new EU ‘family friendly inclusive growth’ paradigm

The lack of a specific Principle related to the development and protection of families within the European Pillar of Social Rights is a de facto alarming sign both for households with and without children across Europe. It raises serious political and policy issues about the treatment of families during the implementation of the new EU social rights agenda, particularly in the light of the social impact of the COVID-19 pandemic, which is still taking an unprecedented toll on children and families. These issues cannot be addressed effectively by reference to family driven initiatives of the 2021 Action Plan, as:

I. the binding [Directive \(EU\) 2019/1158 of the European Parliament and of the Council of 20 June 2019 on work-life balance for parents and carers and repealing Council Directive 2010/18/EU](#);

II. the non-binding [Council Recommendation \(EU\) 2021/1004 of 14 June 2021 establishing a European Child Guarantee](#);

III. the non-binding “Strategy on the Rights of the Child” (European Commission, [Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee on the Regions ‘EU Strategy on the rights of the child’, COM\(2021\) 142/24.3.2021](#);

IV. the non-binding Council Recommendation on Minimum Income (to be adopted in 2022).

In this challenging context, EU policy leaders should bring back family at the centre of EU social and economic agendas using a new ‘family friendly inclusive growth’ paradigm, which will complement and support family friendly policies at national, regional and local level. The new paradigm will focus on four interrelated key objectives:

- support individuals to become parents;

- support parents to create and sustain large families;

- empower families with children through high levels of employment, investing in skills, fighting poverty / social exclusion and modernizing labour markets, education, training and social protection systems;

- prevent and combat child poverty and social exclusion.

3.1. Key actions to deliver the ‘family friendly inclusive growth’ paradigm

If interested readers might ask what kind of EU instruments are critical if we are to achieve these objectives, the response is clear: a balanced mix between policy and financial initiatives, that will restore the confidence of people to the EU narrative and refresh the demographic power of Europe. Relevant flagship initiatives should include:

1. The implementation of a new approach by the European Council about the development of national family and demographic policies in the European Semester process (the cycle of economic and fiscal policy coordination within the EU, part of the broader economic governance framework)

2. The publication of an own-initiative Report on Families in Europe by competent Committees of the European Parliament that will present a motion for a Resolution (a non-legally binding text that expresses the Parliament's opinion and could potentially influence the latest stage of its development), requesting the European Commission to put forward a legislative proposal on a concerted EU ‘family friendly inclusive growth’ Strategy

3. The publication of a Green Paper on Families in Europe by the European Commission during 2022

4. The design and implementation of a Families Social Action Programme (to promote the EU's actions in favour of families) by the European Commission during 2023

5. The establishment of the EU Observatory on Family and Demographic Policies as a joint initiative of the European Commission, national governments, international and national family stakeholders and academia, which shall support mobilize the evidence needed to improve family and demographic policies, and help the evidence to have impact on the lives and expectations of families across Europe

6. The cooperation between the European Commission, national authorities, international and national family stakeholders (including ELFAC and its members) to strengthen family and demographic policies using funds of the [Multiannual Financial Framework 2021 - 2027](#), particularly related to the Policy Objective No. 4 ([a more social and inclusive Europe implementing the European Pillar of Social Rights](#)).

7. The cooperation between the European Commission, national authorities, international and national family stakeholders (including ELFAC and its members) to strengthen family and demographic policies using funds of the [Next Generation EU economic recovery package](#), particularly related to the Pillars No. 3 (Social and Territorial Cohesion) and No. 6 (Policies for the next generation, children and the youth) of the [Recovery and Resilience Facility 2021-2025](#).

