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A social Europe - A Europe that works for everyone?

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Abstract: After a long period of stagnation, debates about a "Social Europe" have been re-launched with the creation of the European pillar of Social Rights in November 2017 and with French President Macron's claim that Europe needs to "protects its citizens" ("une Europe qui protège"). However, there are still several challenges in the way towards a European social system. Historically, the EU's method of integration was focused on the economy, thus leaving social policies at the national level. As a result, the EU has embraced liberal market forces, which has increased the reluctance of actors such as trade unions to give more competences to the EU. Moreover, most political parties in power in the EU Member States and at the EU level are currently not inclined towards a "Social Europe". Rather, conservative and populist forces drive an agenda that takes back such competences from the EU to the national level. The EU thus finds itself faced with a twofold challenge: Upholding the principle of solidarity that has come under pressure, whilst making sure to combine economic and social progress. In the long-term, the EU should therefore promote a two-handed approach: respecting national characteristics whilst stepping up efforts to increase the competences at the EU level. A paradigm shift towards an EU that protects and empowers its citizens vis-a-vis a globalised economy is necessary in order to ensure the future of the European project.

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With French President Macron's focus on "a Europe that protects its citizens" ("une Europe qui protège"), debates on the lack of social policies at the EU level and its political implications have made a comeback on Europe's political agenda. In November 2017 at the Gothenburg Summit, Commission President Jean-Claude Juncker proclaimed the European pillar of Social Rights[1] - a first sign that a renewed dynamic towards a Social Europe could emerge. However, a number of challenges remain in the way to the creation of a truly integrated social policy at the EU level in order to build a stronger and fairer Europe in the future.

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[1] https://ec.europa.eu/commission/priorities/deeper-and-fairer-economic-and-monetary-union/european-pillar-social-rights_en

Social Europe: A complex undertaking

There have been a number of difficulties in building a "Social Europe" in the past. First of all, there is a vast array of policies that fall under this umbrella term: social and employment regulations, healthcare, education and training policies, minimum wages and labour standards, social dialogue and equal pay, among others.[2] Secondly, social policy is a complex field as it is closely related to economic, cohesion and structural policies. Finally, the diversity of social models across EU Member States is a challenge, as a European Social Model should not be a "one size fits all" solution but should rather be built through a bottom-up harmonisation. Thus, creating a comprehensive and stringent social policy at the EU level is a complex undertaking.

In addition, there is a reluctance by Member States and other stakeholders in the field to create a common social policy at the EU level. This is due to the fact that the welfare state is a key element of the nation state, closely related to national identity and citizenship. Indeed, solidarity between citizens is necessary to enable welfare policies. However, this common sense of belonging or European identity does not (yet) exist sufficiently between Europeans. Thus, some argue that creating a "Social Europe" would first require a European public sphere and a common European citizenship before any such policy could be successfully implemented.

Others believe that it is rather the political will, which is missing for a more social Europe. Indeed, the idea of building a Social Europe is not new. However since the last attempts made in the 1990s by Jacques Delors, no decision-maker at the EU level - until Jean-Claude Juncker - has followed up on this ambition. In addition, some stakeholders in the field do not trust the EU to protect social standards, as it has embraced liberal market forces in the past and still focuses primarily on competitiveness and growth. This perception of EU institutions leading a "race to the bottom" has been one of the reasons why stakeholders in the field do not necessarily promote a harmonisation of social policies at the EU level.

The status quo: A Europe more economic than social

Historically, the EU has developed by integrating national markets. European Treaty law thus always had a strong focus on the creation of the single market rather than the creation of a "Social Union". The economic progress was meant to enable social progress. Hence, the competences of the EU in social and labour policies are quite weak and its focus is set on competitiveness and growth.

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[2] https://www.etuc.org/european-social-model

Nevertheless, European social policy mostly had two objectives in the past: Reducing disparities across territories with a set of regional policies; and allowing for convergence of social policies among the Member States, with the main objective of improving the functioning of the single market. In addition, there was and still is a strong focus on the mobility of workers, thus on the freedom of movement within the single market and on investing in people's skills and employability.

However, since the financial crisis and the subsequent Eurozone crisis, the economic policies pushed through at the EU level have left many countries in social disarray, with rising levels of inequality, in-work poverty, precarity, and rising unemployment. Moreover, the freedom of movement has also had negative effects on certain regions, accelerating the depopulation of regions (for instance in Poland, Slovakia or Bulgaria), leading to structural problems and leaving people with less skills and money "behind", thus undermining the support for the EU by parts of its citizens, as those policies have not been beneficial to them.

A future European social policy should not see social policy as a "buffer" when economic prosperity is lacking. It should rather be an instrument that helps us shape our societies in a more coherent and fair way. This change in mindset asks for a new role in social policy. With the proclamation of a European pillar on Social Rights, the focus could now be on a Europe that protects citizens but also one that empowers and gives opportunities to people.

However, there was agreement that these high expectations in this field are not reflected in the competences given to the EU - most initiatives directed at people outside the active labour market are non-binding, soft mechanisms. For now, the initiatives are ambitious but the instruments available to deliver are too weak for an effective implementation. Thus, Member States now need to agree on concrete steps in order for the European Union to become an institution that guarantees social rights.

A challenging but necessary project ahead

First of all, all participants of the expert group agreed that a strong focus on social policy is the precondition to deal with future challenges in the EU. As there is rapid social change in labour markets and societies, due to technological change, segmentation and globalisation[3], a shift towards a more social Europe has become necessary in order to counter the imbalance between integrated markets at the EU level and social policies at the national level. This imbalance makes

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[3] https://inklusives-wachstum.de/ungleichheit-ist-die-soziale-frage-des-21-jahrhunderts/

it currently impossible to respond appropriately to the challenges of a globalised and highly competitive economy.

Moreover, the principle of solidarity itself has lost its appeal. Indeed, it has, according to one expert in the group, "become hard to sell to the public why to pay taxes so that other people get the same education as your own child". The EU thus finds itself faced with a twofold challenge: Upholding the principle of solidarity that has come under pressure, whilst making sure to combine economic with social progress. Indeed, despite the market orientation of the EU, the Lisbon Treaty clearly states that the EU shall combine economic and social policy and reaffirms the EU's commitment to social justice and protection.[4]

Several proposals were made for the future of social policy at the EU level: According to a former Commissioner, the EU should provide "solidarity, convergence between countries and emancipation for all citizens". The two main functions of the welfare state - protection and investment - should mutually reinforce themselves rather than be seen as opposing forces. As welfare policies are rooted in the nation states, a European social policy should be regulatory above all, according to a representative of a German trade union. This would enable a better interplay between the national and the EU level and avoid a full harmonisation from above.

Other participants emphasised that the EU needs to be united behind a comprehensive approach towards social policy across institutions as well as across policy fields. For now, visions for a "Social Europe" are not equally shared within the EU institutions and sometimes even contradict themselves. However, in order to be successful, a "Social Europe" agenda needs to get support across the board and ensure that the Directorate-General Employment of the European Commission has a strong mandate to implement its policies.

The way forward: Strategies and Recommendations

In the long-term, the EU should promote a two-handed approach towards social policy: respecting national characteristics whilst stepping up efforts to increase the competences at the EU level. It should, first and foremost, create convergence between social classes and countries as a bottom-up process. With more convergence between EU Member States in the years to come, a transfer union could then become more feasible. However, the current institutional

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[4] Article 3.3 TEU states that "The Union shall establish an internal market. It shall work for (...) a highly competitive social market economy, aiming at full employment and social progress. (...) It shall promote economic, social and territorial cohesion, and solidarity among Member States. (...) It shall combat social exclusion and discrimination, and shall promote social justice and protection, equality between women and men, solidarity between generations and protection of the rights of the child."

arrangement is making it difficult to find compromises on how to harmonise very divergent social policies, for instance between Bulgaria and Sweden.

Four avenues to build a "Social Europe" were mentioned during the discussions:

- First, the idea of creating a "European Social Union" to complement the economic union was supported. If only symbolically, this move could mark a higher commitment by the EU towards social policy.
- Secondly, there should be a focus on where the EU has exclusive competencies, such as trade and competition, and develop policies in these areas that will protect people.
- Thirdly, the EU could step in new industries where Member States have until now failed to protect workers, such as in the digital economy. In addition, the EU should participate and shape the debates on the future of work and help to develop new trainings and skills.
- Finally, the asymmetries produced within the Eurozone need to be addressed with coherent redistribution mechanisms - not only for social purposes, but in order to ensure the long-term success of the Eurozone (see report expert group "Future of the Eurozone").

In the short term, the EU could also start to implement concrete measures that seem feasible, such as directives for the reduction of working time, the right to training and the right of non-availability. Moreover, the Commission should start to work on initiatives such as the European unemployment insurance[5] and a European child benefits scheme. Another option would be to add conditionalities to structural and cohesion funds in the new Multiannual Financial Framework (MFF) in order to push for reforms at the national level in labour and social policies.

In the long-term, the EU could work towards creating an integrated "European labour market" in order to protect workers and the environment against ecological and social dumping. In addition, activities that do not bring direct financial benefits - such as caring for children and elderly people or lifelong learning - need to be de-commodified at the EU level.

Finally, political parties should develop a strategy for the mobilisation of progressive forces in order to find the necessary majorities to push for an agenda of a social Europe that is more inclusive, fairer and environmentally-friendly. In this respect, the role of transnational movements and political coalitions across borders will be crucial.

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[5] https://www.bertelsmann-stiftung.de/fileadmin/files/BSt/Publikationen/imported/leseprobe/LP_978-3-86793-549-4_1.pdf

The result of the brainstorming session during the expert discussion, 18.05.2018.