

SOCIAL ——— EUROPE: FROM VISION TO VIGOUR

FEPS
FOUNDATION FOR EUROPEAN
PROGRESSIVE STUDIES



BJÖRN HACKER



FEPS
Primer Series

Björn Hacker

SOCIAL EUROPE: FROM VISION TO VIGOUR

The need to balance
economic and social integration



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Primer Series



**This book has been produced with the financial support
of the European Parliament.**

Bibliographical information of the German National Library
The German Library catalogues this publication in the
German National Bibliography; detailed bibliographic information
can be found on the internet at: <http://dnb.dnb.de>.

ISBN 978-3-8012-3105-7

Copyright © 2023 by Foundation for European Progressive Studies
FEPS Editors: Dr L. Andor, Dr A. Skrzypek
FEPS Project Coordinator: E. Gil

Published by
Verlag J.H.W. Dietz Nachf. GmbH
Dreizehnmorgenweg 24, D-53175 Bonn

Published in association with the
Foundation for European Progressive Studies
www.feps-europe.eu
European Political Foundation – N° 4 BE 896.230.213



FEPS
Primer Series

– Vol. 3

Cover design und typesetting: Rohtext, Bonn
Cover picture: © iStock / Thomas Vogel
Printing and processing: Bookpress, Olsztyn

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Foreword

The discourse about the social dimension of the European Union is diverse, colourful and often swings to extreme judgments. When there is a crisis, it is easy to conclude that ‘Social Europe is dead’, and when things go well and the EU appears as a protector of jobs, social and working conditions, the clouds disappear and the outlook becomes rosy.

Also among experts, it can be disputed whether the ‘European Social Model’ is a programme or reality, and whether ‘Social Europe’ is delivered primarily by legislation, or the coordination of national welfare policies, or by transferring financial resources from the common budget.

This book written by Björn Hacker offers guidance for those who would like to understand better how social policy at the EU level is made, what are the main tools, who are the most important actors, and when this policy field has been more or less successful in recent decades. By focusing on a subject area which is so central for the progressive political family but also the wider community of EU policy makers, social partners and civil society organisations, this volume is another important addition to the FEPS primer series (which has already produced pioneering booklets on gender equality as well as the progressive potential of the EU).

The author is one of the most experienced professors in this field who has contributed to research, education as well as policy making. The volume is pedagogical where it is needed (e.g. explaining different concepts in the Glossary), polemical where it is possible, and also offers a lot for those who want to think about the social questions of Europe with some fresh input and engage in deeper theoretical considerations as well. Those not familiar with the significance of the Working Time Directive, the Globalisation Adjustment Fund or the Social Investment Package will not only be introduced to such highlights but a lot more subtleties of policy thinking and making in the EU.

There is more than just one way to study EU social policy. This book represents a political economy approach as opposed to a more

legal, sociological or institutional analysis. Nevertheless, the way the text has been organised guarantees accessibility and scholarly quality at the same time. The starting point is the European Pillar of Social Rights (EPSR), which today offers a common language for the stakeholders of Social Europe and its students, and which is seen as the starting point for the more optimistic cycle of policy discourse which still prevails among the expert community.

Of course, the history of the EU social dimension starts much earlier than the 2017 EPSR. In the historic chapters, the author guides us through the various stages of development, highlighting some leaps forward but also setbacks within the 70 years story. The Timeline at the end of the book offers further support to those who would like to understand the policy dynamics of the EU in this crucial field, and locate the steps of social policy coordination on the landscape of broader EU politics.

We speak about a crucial field despite the fact that welfare states are by and large national, funded predominantly through the budgets of member states, and nobody expects this to fundamentally change in the foreseeable future. However, the concept of ‘Social Europe’ was coined to stress that European integration (in particular through the ‘Single Market’) is not simply about creating economic opportunities but also systematically improving social standards, as long as a ‘race to the top’ can be organised.

The commitment to improvement and equalisation of living and working conditions already appeared in the Schuman Declaration (1950), while cohesion and convergence have appeared in a succession of EU treaties. In every cycle and especially in every crisis the validity of these commitments is tested. At the end of his book, Björn Hacker leaves us with the question whether on the back of this historical evolution, a genuine Social Union can be built. This is perhaps one of the most important questions public intellectuals can raise and discuss in a year of European Parliament elections.

Dr László Andor
FEPS Secretary General

Introduction

Whenever we discuss looming new economic challenges or tackle an economic crisis in the European Union, the question of social impact is a key element both in public debate and politically. Employment and social protection, equal opportunities for men and women, education and training, fair working conditions, health care and social inclusion are only some of the social issues of concern to policymakers. The scope and level of such issues, as well as their institutionalisation and financing, steering processes and legal enforcement, stability and adaptability make a difference in people's everyday lives. Debates on the adequacy of social protection and its modernisation and reform tend to be concentrated at the national level. That is where the social policy melody plays loudest: mighty social institutions and processes have shaped national welfare state design for decades.

By contrast, as regards economic policy processes of Europeanisation and globalisation have forced us over time to discuss new challenges and crisis management on a supranational level. With its Single Market and Economic and Monetary Union the EU has achieved a high degree of economic integration. Cooperative efforts between the 27 Member States and the institutions of the EU are thus constant, though not always simple. A vast set of common legislation, rules, processes and institutions underpin or enframe this intense transnational cooperation. It thus makes sense to talk of a common European economic policy, even though in many respects it remains a field of shared and contested competence between the EU and the Member States. It is therefore rather odd that no such perception really exists with regard to the social sphere. While nearly all economic debates have an indubitable international component, social consequences are usually left to national capitals to deal with.

Time and again, the issue of Social Europe is taken up in election campaigns to the European Parliament, in declarations of intent by

supranational institutions, in demands of socially-oriented actors, or in news items in the case of severe social imbalances throughout the Union. But for the broader public, perhaps for the lack of a clear definition, Social Europe remains largely unknown, even a mystery, at best a promise for the future. But in fact there is a large and well articulated realm of European social policy that can be traced back nearly 70 years to the onset of European integration. Its ramifications and multiple lines of conflict, however, as well as its overshadowing by economic integration make Social Europe difficult to grasp. In a time of multiple crises and overwhelming challenges and risks – economically, geopolitically, with regard to climate and environment, digitalisation and societal polarisation – social progress and cohesion become more urgent.

While in the first decades of European integration, starting in the 1950s, it may have been sufficient to implement unavoidable elements of a European social policy while concentrating primarily on market integration, the twenty-first century requires a broader and more sober approach. Such an approach should be prepared by social democrats and socialists, who in large part have been responsible for establishing national welfare states, with an emphasis on de-commodification, protecting individuals socially against ‘market forces’. In a transnational European economy the concrete application of common social protection principles is as important as a vision of Social Europe to better balance economic and social integration.

In this primer we want to explore historical and contemporary definitions and concepts of Social Europe (Chapter 1) and map the lines of conflict that a genuine European social policy has to tackle (Chapter 2). Our purpose is to follow an arc from Willy Brandt’s plans for a European Social Union to the various hindrances that got in its way. We will then discuss the scope, forms and main actors of European social policy today (Chapter 3). We turn next to the evolution of Social Europe from 1957 until the present as a five-stage process, exhibiting emancipatory effects, but also recurring problems (Chapter 4). After identifying some pressing challenges for the European Social Model (Chapter 5) the primer ends with a conclusion, also reflecting the wishes of European citizens for the development of Social Europe.

1 Social Europe: model or promise?

The European Union is economically strong, has a substantial geopolitical role and possesses of a broad spectrum of institutions in a complex system of multilevel governance. But can Europe be called ‘social’? Does the EU as such have a social role? It is evident that there is no common European social welfare state with responsibility for social provision. There is no European pension or health care system. The Member States themselves organise social affairs and in a wide variety of ways. The term ‘Social Europe’ is familiar but what lies behind it? The European Pillar of Social Rights (EPSR) might give us some hints. This set of 20 social principles was proclaimed by the European Parliament, the Council of the European Union (‘the Council’) and the European Commission in November 2017 (See Fig. 1, p. p. 12). It touches upon issues such as education, equality and anti-discrimination, employment, minimum income, childcare, pension, health and long-term care, disabilities, housing and essential services with a view to ensuring adequate social provision, protection and care for every EU inhabitant.

Taking the EPSR as defining the basic scope of Social Europe, how might it be put into practice? Its preamble reminds us that ‘the European Pillar of Social Rights should be implemented at both Union level and Member State level within their respective competences’. The 20 principles shall ‘serve as a guide towards efficient employment and social outcomes’ for all institutional actors, at the EU and the Member State-level alike. This two-level responsibility marks a major difference between European social policy and what we usually understand when talking about social policies.

Tracing their long historical pathways back to the age of industrialisation, social policies have functioned as public policies since the middle of the nineteenth century in a national political setting.

Chapter 1 Equal opportunities and access to the labour market	Chapter 2 Fair working conditions	Chapter 3 Social protection and inclusion
1. Education, training and life-long learning	5. Secure and adaptable employment	11. Childcare and sup- port to children
2. Gender equality	6. Wages	12. Social protection
3. Equal opportunities	7. Information about employment condi- tions and protection in case of dismissals	13. Unemployment benefits
4. Active support to employment	8. Social dialogue and involvement of workers	14. Minimum income
	9. Work-life balance	15. Old age income and pensions
	10. Healthy, safe and well-adapted work environment and data protection	16. Health care
		17. Inclusion of people with disabilities
		18. Long-term care
		19. Housing and as- sistance for the homeless
		20. Access to essential services

Fig. 1: EPSR Headlines of the 20 Principles. Source: European Commission.

Social rights have been hard-earned by socialists, social democrats and trade unionists in urgent response to a burgeoning economy and the accompanying difficult social circumstances of the emerging industrial society. Their main task is to protect individuals in the face of their economic dependence on the market, as well as against life risks, such as illness, unemployment, old-age, poverty and many other things. British sociologist Thomas H. Marshall identified in the evolution of national welfare states with individual social rights a third wave of citizens' rights, coming after civil and political rights, which came to define a 'social citizenship' in nation-states.

Willy Brandt's approach: forging a European Social Union

While at national level parliaments, governments and non-state actors, such as welfare associations and trade unions, take care of the development and adjustment of welfare state social policies, marshalling immense financial resources, things are different at the supranational level. The EU has only very limited competences, financial resources and administrative capacities to steer social policies on the ground. The 'founding fathers' in the governments of the six Member States France, Germany, Italy and the Benelux countries had other things than European social policy in mind when negotiating the European Coal and Steel Community (ECSC) and the European Economic Community (EEC) in the 1950s. They established some initial social regulations for the Community, but this was rather a requirement of maintaining a competitive balance in the envisaged economic integration. At the time, the heads of state and government of the six countries followed Jean Monnet's seminal idea of gradual integration, spilling over from the economic to the political sphere, therewith guaranteeing both: economic prosperity in a common market and enduring peacekeeping in the wake of the Second World War. The formation of a common market and economic policy alignment soon turned out to be the main task. Except for the early implementation of the European Social Fund (ESF) in 1957 as a supranational financial tool to promote employment and worker mobility, the six Member States jealously maintained their sovereignty in social affairs.

Once the first deep political crisis had been overcome at the end of the 1960s – on the shift from unanimity to majority voting – and the accession of three new Member States in the 1973 enlargement, integrating the United Kingdom, Denmark and Ireland, a number of new questions arose. As economic integration continued to develop – the customs union was completed by 1968 and the first ideas of a monetary union were emerging on the way towards a common market – left-wing political forces discussed ways of promoting social integration. Underlying this, on one hand, was the success of

'Keynesian' trust in global management of the economy, in which employment and income policies played a major role. On the other hand, the post-war boom in Europe was slowing down, and inflation was putting pressure on consumer prices and provoking labour unrest and strikes. At the same time, anti-capitalist movements in the wake of the 1968 student protests were urging political leaders to pay more attention to societal and social issues.

In 1969 Willy Brandt became the first Social Democrat chancellor of now West Germany since 1930. His centre-left coalition gave the notion of 'Social Europe' an enormous push. At a gathering of the nine heads of state and government of the European Community (EC) in Paris in October 1972, Brandt proposed to give social integration equal importance with economic integration. 'Social progress must not only be an appendage of economic growth, but must also be an independent guideline for our actions', stated the German initiative prepared for the summit. The German government's ideas were very advanced at the time, enhancing the planned monetary union with a social dimension, coordinating employment and social policies, and developing common basic social principles. Brandt was joined by a number of like-minded colleagues, so the summit closed with a commitment to social progress and an invitation to the European Commission to develop a Social Action Programme that would give social issues as much importance as the development of an economic and monetary union.

'Social justice must not remain an abstract concept and social progress must not be misunderstood as a mere appendage of economic growth. If we develop a European perspective on social policy, it will also become easier for many citizens of our states to identify themselves with the community.'

Willy Brandt at the EC summit, 19/10/1972 (author's translation)

The path towards what in 1974 became the Community's first Social Action Programme was paved with initiatives and fresh ideas on

a social perspective for European integration. In particular, socialist and social democratic parties in the Member States harnessed Brandt's impulse to position themselves clearly 'for a Social Europe'. This was the programmatic title of the ninth congress of socialist and social democratic parties in Bonn in April 1973. As an automatic spillover from economic to social integration had not been realised, the parties demanded the creation of a 'social community' and a political union alongside the economic integration projects of a common market and a monetary union.

'The socialist parties in the countries of the European Community are in favour of a united Europe. The Community cannot be only an economic and monetary union, it must develop into a social Community.'

IX. Congress of socialist and social-democratic parties,
26 and 27/04/1973, Bonn (author's translation)

It was the first time socialist and social democratic parties had developed a clear concept of what Brandt called a European Social Union. The intention was not merely to supplement economic integration with a few social policy elements. Instead, it would have entailed a complete overhaul of the market-enhancing integration objectives of the time. The main projects defined at the Bonn meeting included: economic and social policy steering at a supranational level; democratising the economy with works councils and codetermination; upward social harmonisation and transnational redistribution with the help of a new European social budget; a Europe-wide guaranteed right to work and the establishment of a European labour office; and a charter of common social principles. They exhibit a decisive and far-reaching leftist intention to modify the integration pathway by giving substance to Social Europe in a market-shaping manner. This was in line with welfare state expansion and social democrat electoral success in the Member States throughout the 1970s.

Jacques Delors' approach: defining a European Social Model

In comparison with these new and far-reaching aspirations to turn the European Community into a political and social community, the first Social Action Programme, adopted by the Council in January 1974, was rather disappointing. Even though there was some subsequent legislative activity, especially on workers' health and safety, the economic disruption caused by the first oil crisis and the collapse of the Bretton Woods system and the ensuing monetary instability buried the project of rapid monetary union in Europe. With its disappearance the political plans to establish a parallel social union vanished, too. In many regards the first half of the 1980s were a time of stagnation for the EC, and that applies to Social Europe as well.

The second oil crisis, rising unemployment, the challenge of inflation, high public sector indebtedness and stronger international competition were among the factors that helped neoclassical and monetarist ideas to oust Keynesianism as the main economic theory paradigm. The new approach turned away from giving the state and central banks an active role in steering the economy in favour of an emphasis on the supposed 'self-healing powers of the market' – as long as they are not hindered by (too) generous social policies and actors (such as powerful trade unions) trying to 'correct' market outcomes. Conservative Prime Minister Margaret Thatcher, who entered Downing Street in 1979, promoted the practical application of these ideas in the British economy through deregulation, privatisation and welfare state retrenchment. At supranational level she argued firmly against European re-distribution of the United Kingdom's contributions to the EC budget ('I want my money back'). In Germany, the conservative CDU/CSU, in coalition with the liberal FDP, assumed power, with Helmut Kohl (CDU) superseding Helmut Schmidt (SPD) as chancellor in 1982. Meanwhile in France, socialist François Mitterrand, elected President in 1981, failed with his plan to implement an economic policy that by then was against the European mainstream.

'Europe will be socialist or it will not be.'

François Mitterrand, first secretary of the Parti Socialiste (PS)
in the party weekly L'Unité, 10.06.1977 (author's translation)

Mitterrand entered the Elysée as someone who had played an active part in developing the ideas for a more social Europe throughout the 1970s in his party and was committed to bringing European integration back on track. However, the circumstances at the time proved difficult for socialist ideas, at both national and supranational level. In 1985 Mitterrand's former finance minister Jacques Delors, who was responsible for both the failed attempt to introduce 'Keynesianism in one country' and the 1983 French turn to neoclassical doctrine, became president of the European Commission. He was soon the main driver behind reviving the 1957 plans to complete the Single Market. This, too, of course was a market-enhancing policy, as was the subsequent second attempt to create a monetary union.

Delors borrowed from the new market-friendly economic paradigm the imperative to enhance, to liberalise and to deregulate European markets in order to play a role in the global economy. The Single European Act (SEA) entered into force in 1987, based on the Commission's 1985 white paper on the completion of the internal market. At the core of this first major Treaty revision in 30 years was the so-called '1992 project'. By the end of that year all trade barriers to the free movement of goods, persons, capital and services were to be abolished between the now 12 – with the accession of Greece in 1981 and Spain and Portugal in 1986 – EC Member States. But Delors envisioned more than creating a big European market. While pushing for market enhancement, on one hand, he sought to oppose Mrs Thatcher's bon mot 'there is no such thing as society' on the other. He was well aware of the peculiarities of European economies and societies vis-à-vis the American model and unwilling to try to remould them in a neoliberal shape. The preservation and strengthening of the 'European Model of Society' was therefore Delors' constantly repeated reference point.

'But – as I have often said in recent months – you cannot fall in love with the single market. [...] That is why I am constantly stressing the need not only for a frontier-free area but also for the flanking policies which will open up new horizons for the men and women who make up this Community of ours.'

Commission president Jacques Delors in a speech to the European Parliament, 17.01.1989

Under his presidency this meant that the Commission would seek to enhance the Single Market with a social dimension. But the SEA's social provisions took only gradual steps in that direction with a focus on occupational health and safety, more funding for social cohesion and a strengthening of social dialogue. Fierce opposition from the (Conservative) British government watered down the initial idea of a binding charter of fundamental social rights for citizens, resulting in a non-binding declaration for workers only in 1989. Besides the major project of guaranteeing the four market freedoms in the EC, these prudent steps towards a social dimension of the Single Market were rather patchy and far away from the ideas on a Social Union put forward in the 1970s.

With the plans for an Economic and Monetary Union (EMU) the aspiration to profoundly deepen social integration in parallel with economic integration reappeared on the political agenda. The Maastricht Treaty constituting the European Union (EU) and as its centrepiece Delors' 1989 three-step plan for monetary integration considerably expanded supranational social policy competences. A 'high level of employment and of social protection' was added to the Community's objectives and – even more important – a Social Protocol signed by all Member States except the United Kingdom extended qualified majority voting to many areas and empowered the social partners to draw up directives themselves. In 1993 the Commission launched a discussion on desirable European social policy by publishing a green paper on options. The results fed into a 1994 white paper with an introductory chapter that picked up Delors' catch-phrase 'Preserving and developing the European Social Model' as a heading.

‘If economic growth is to increase human well-being, it must also take into account social and environmental concerns. Equally, the pursuit of high social standards should not be seen only as a cost but also as a key element in the competitive formula. It is for these essential reasons that the Union's social policy cannot be second string to economic development or to the functioning of the internal market.’

Commission White Book, European social policy - a way forward for the union:
a white paper, COM(94) 333 final, 27 July 1994, p. 2

Even if Delors could not or was unwilling to foreground the ideas underlying the Social Union, he helped a lot to raise awareness of the common values of the European Social Model, including democracy and individual rights, equality of opportunity, free collective bargaining, social welfare and solidarity. In light of the envisaged EMU as the next big market-enhancing integration project after the Single Market, the Commission underlined that competitiveness and solidarity should both be considered and that ‘economic and social progress must go hand in hand’. This should be done, among other things, by defining minimum social standards, applying the provisions of the Social Protocol and opening the way for collective agreements at supranational level, entailing a pro-active role for the EU in social policy.

Capturing the European Social Model theoretically

Common to both Brandt’s and Delors’ ideas on Social Europe was the difficulty of definition, namely, making supranational social entitlements meaningful and feasible while welfare state institutional design, administration and scope lie largely in the Member States. Both visionaries of Social Europe considered it necessary to actively design and deepen social integration as economic integration accelerates.

It is important to note that the European Social Model as envisaged by the Delors Commission can be understood in a number of

very different ways. At least four outlines of the theoretical scope and level of the European Social Model can be imagined, depending on one's normative perspective on European integration and welfare state evolution (see Fig. 2, p. 21). Political scientists differentiate between negative and positive integration steps. This does not refer to whether they are to be deemed good or bad, but rather indicates a difference between EU policies that add to or remove market obstacles. Removing trade barriers such as borders or tariffs, subsidies or price differentials, for example, is a typical example of negative integration. The establishment of new common policies, institutions and instruments, on the other hand, would add something to EU integration and thus be labelled positive. Political scientists focusing on the welfare state, however, have identified a number of path dependencies, such as the fact that once the financing, responsible actors and entitlements pertaining to a health care, unemployment insurance or pension system have been institutionalised they tend to tread water. These path dependencies might in some cases result in a certain 'stickiness', while in other cases reforms of a country's social system can lead to path departures. Political scientists therefore distinguish between strong and weak path dependencies to explain welfare state development.

- (1) The first outline of the European Social Model envisages the development of a common economic integration space in the EU – this is what we have seen with the setting up of the EEC. The integration mode is merely negative: trade obstacles are removed, but only a few common policies are agreed. In this economic space we find several varieties of welfare state. Each organises its social, employment and educational policies, but also some of its economic policies in a traditional way. Each may differ considerably. If path dependencies persist in welfare state institutional design, the European Social Model would be no more than the sum of all these welfare state arrangements. Certainly, they would have some commitments in common, such as fighting poverty, but how they do this would differ considerably, making supranational social policymaking nearly impossible. This may describe the

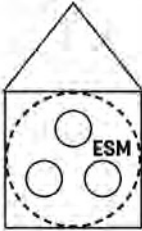
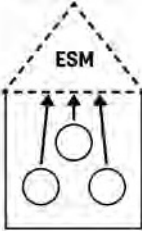
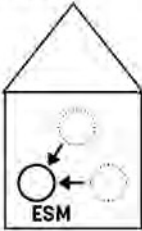
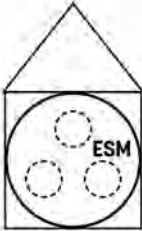
		II. ESM in the view of European integration theories	
		(a) strong negative integration process dominance	(b) negative integration process balanced by positive integration
I. ESM in the view of comparative welfare state research	(a) Separation of welfare states by strong path dependencies	<p>(1) The ESM is equivalent to the sum of the national welfare state models in the common economic integration space</p> 	<p>(4) The ESM represents a roof of commonly agreed values and policies to be followed by the national welfare state models</p> 
	(b) Path changes lead to a realignment of the welfare worlds	<p>(3) The ESM is chosen out of a competition as the welfare state model best adapted to the conditions of the common economic integration space</p> 	<p>(2) The ESM is built as a unified European welfare state model harmonising with the common economic integration space</p> 

Fig. 2: The European Social Model (ESM) seen from different perspectives. Source: Author's compilation.

beginnings of integration in the 1950s and 1960s. Luckily, we have moved on since then.

- (2) By stark contrast, a second European Social Model would assume a greater openness for positive integration elements in

the created economic space. This is helped by path changes in welfare states through reform. The development of a common European welfare state now appears possible. This outline of a European Social Model would take the best experiences from the various kinds of historical welfare states and develop supranational social policies in line with economic integration, such as full European unemployment insurance. Needless to say, this is still a distant prospect, but some of the social democratic ideas about creating a European Social Union not implemented in the 1970s would fit.

- (3) In a third outline of the European Social Model, Member States could not agree on a comprehensive set of common policies: the integration mode thus remains predominantly negative. That entails the establishment of a deeply integrated common market, in which all trade obstacles are consigned to the past. As in the first outline, macroeconomic, employment, education and social policies are left in the hands of the Member States, which thus retain their sovereignty in these fields. But as the environment of the different welfare states changes profoundly, they come under pressure to adapt their policies through reforms, leading to path changes. This pressure might come from demographic changes, from production model transitions, from economic globalisation, but also from tighter competition on wages, taxes or social costs in the common economic space. The latter often leads to social dumping and is familiar in the EU context because of the double leap in economic integration due to finalisation of the Single Market and creation of EMU. The welfare model most compatible with the prevailing market conditions would unofficially be chosen as the European Social Model to be followed.
- (4) The fourth outline of a European Social Model would be more optimistic as regards Member States' ability to surrender part of their sovereignty to enable positive integration, but more pessimistic about the institutional willingness of the inherited welfare states to change. Path changes in na-

tional welfare policies would be seen as exceptional, as they are considered eminently adaptable to new challenges with only minor internal adjustments: never change a running system. Nevertheless, Member States would recognise the need to define a set of common values, practices and policies, and as well as, as the case may be, supranational institutions. They would constitute pan-European reference points in the steering of national welfare policies and should restrain negative externalities stemming from the creation of the common economic space, such as the social dumping processes described in outline 3. Here, the European Social Model and its various welfare models would be found in the rooftop of the integration building, canopying economic integration in the sense of a safety net. Examples of this sort of positive integration include, in the economic realm, the establishment of the European Central Bank (ECB) as the sole agent of monetary policy in EMU, while in the social realm there is the EPSR, embodying a set of shared values and principles.

Note that these are simplified theoretical perspectives on the elusive European Social Model, which might to a greater or lesser extent resemble familiar features of European integration and European welfare states. But they cannot portray exactly what is happening in reality. This is because judging whether Member States are more or less open to positive integration and evaluating welfare state reforms as path-breaking or path-continuing is not a question of scientific observation but rather of normative perception.

Definitions of Social Europe

We started this chapter with the question of what lies behind the term ‘Social Europe’. In due course we have learned that this is not the only terminology in play. What are the differences, in a nutshell?

Social Europe: We can use this expression as an umbrella term for everything we want to say about welfare policies in Europe, with or without a supranational anchoring.

European Social Model: Although not easy to define (see above), Jacques Delors’ initial approach to the notion from the end of the 1980s onwards was to emphasise European welfare states’ common history and social progress objectives in contrast to other regions of the world, especially the market-liberal American model. Such recognition entails a lot of conceptual work for the EU and its welfare states. Preserving and strengthening this model would at least entail fostering the coupling of market and social integration.

European Social Union: Originally envisioned in the 1970s by Willy Brandt, this approach is the furthest-reaching with regard to European solidarity, as it conditions further economic integration on the evolution of a broad set of common European economic, employment and social policies. National welfare states would not disappear, but transnational cooperation, mutual help and collective socioeconomic steering along the lines of supranational market-shaping rules are key elements.

European Social Dimension: Often used in conjunction with the Single Market or EMU to express the need for market enhancement to be supplemented with social elements. Usually, but not necessarily small-scale and supply-side instruments should keep market distortions at bay. Adding a social dimension to an existing economic space does not alter the predominance of negative integration.

European Social Pillar: A very recent reference point, linked to the proclamation of the EPSR in 2017. It encompasses a set of 20 basic social principles to be guaranteed for all European citizens by the EU institutions and the Member States. It entails major common social values, but is only declaratory in character.

2 Setting the scene: lines of conflict in social affairs

From what we have already discussed it is clear that the way to Social Europe is heavily contested and far from self-evident. We have already touched on some of the conflicts and in this chapter we shall map and explain them into detail.

National welfare state landscape

The historical roots of European welfare states depend on levels of industrialisation and further production patterns, the strength of socialist and social democratic organisations and parties, as well as trade union movements battling for social protection. Further, so-called formative moments of designing stable welfare state institutions are key. Naturally, the relevance and/or timing of these three causes differed strongly in the Member States. Also, wars, territorial and population adjustments, and political and economic ideologies might influence on welfare state development. The central and eastern European (CEE) states experienced the latter, first under communism, which terminated some inherited welfare traditions, and then again under a restored capitalism after a 40-year period in 1989/90.

It is therefore not surprising that European welfare states possess different institutional designs, financing models and social protection entitlements. Some welfare states have had similar experiences, which helps us to classify them into welfare state models or worlds of welfare (see Fig. 3, p. 26). They differ mainly in terms of the principal locus of social protection organisation: is it in the market, the family or the state?

	Liberal	Conservative	Social democratic	Southern
Role of the family in social security	Low	High	Very low	Very high
Role of the market in social security	Very high	Moderate	Low	Moderate
Role of the state in social security	Very low	High	Very high	Low
Degree of decommodification	Minimal	High	Maximal	Low
Examples	Ireland	Germany	Sweden	Italy

Fig. 3: Characteristics of welfare models. Source: Author's compilation. The post-communist welfare world of the CEE countries is not integrated, but rather one of heterogeneous hybridisation, which impedes clear classification.

Four to five worlds of welfare are usually distinguished. But as Danish sociologist Gøsta Esping-Anderson, a pioneer in classifying welfare states, once stated, 'no single case is pure'. Instead, welfare states might use different worlds of welfare for different social sectors. Furthermore, some new challenges – such as digital transformation of work, globalisation of trade, climate-related restructuring of the economy – are the same for all welfare models, meaning that the answers given could resemble one another regardless of specific institutional setting. A process called 'hybridisation' is observable, which is obvious in the CEE countries, which after 1989/1990 had to choose which elements of social provision they want to keep, which one's they would need to adapt, and which ones they want to reorganise completely. The classical worlds of welfare are as follows:

The liberal welfare model: The market is the main locus of social security, which means that social protection is low and people are dependent on private and occupational alternatives to prepare themselves for the risks of the market and of life. Social security is individualised, so family support plays a minor role, and state provision of social benefits is mostly means-tested. This model believes that employment is the best resistance against poverty and other so-

cial problems and therefore fosters labour market flexibility. Trade union power is normally feeble. In liberal welfare states a dualism between high and low wage earners is a typical consequence, continued in a double-sided ability to socially protect oneself. Dependence on the markets is high, social inequality too. A typical example in the EU is Ireland.

The conservative welfare model: The state and the family are the main places for social security, while the market plays only a moderate role. As in the liberal model the labour market is the main anchor for individual welfare. But unlike in the liberal model, private or occupational social security is of minor importance. Instead, social security is based on entitlements earned through employment. A financial system of social insurance with historical roots in the nineteenth century ('Bismarckian insurance') confers an advantage on people with safe and well paid jobs. Employment status is mirrored in eligible social benefits. Trade unions play an important role in protecting and strengthening employees' rights. Because of their powerful position also in social insurance governance the model is also referred to as 'corporatist', indicating the close involvement of social partners in social policymaking. Historically, the model was called 'conservative' because of its accent on traditional values, promoting the male breadwinner model and leaving caring responsibilities to the family, mainly women. While the security level is relatively high, class and status are solidified by persisting income differentials. Women's labour market participation is typically low and upward social mobility heavily dependent on employment prospects. Typical examples of the conservative welfare world are Austria, France and Germany.

The social democratic welfare model: The state is the most important social security provider; families and the market have a lesser role. It is the state that organises a universal, tax-financed social security net at a high level. The labour market is strongly regulated and the trade unions, typically with high membership levels, are an important resource in developing employment, education, wage and social policies. Care policies are organised mainly in the public sector; both male and female employment rates are high. Individuals are well protected against the risks of the market and of life, regardless

of their financial contributions to the system. This is financed by relatively high taxes, redistributing income and wealth from the rich to the poor. Therefore, social mobility is higher than in the other worlds of welfare and social inequality is at a low level. Typical examples of the social democratic welfare world are Sweden, Denmark and Finland, which is why the model is sometimes referred to as the 'Scandinavian welfare state'.

The southern welfare model: In many aspects similar to the conservative welfare world, but with much more emphasis on the role of the family as provider of social security, and as well with an important role for the church in the provision of social assistance. The state exists to guarantee universal access to health care, but is otherwise weak. For the individual, employment status is very important to achieving reasonable support in case of unemployment and old age. Trade unions are in a strong position with regard to employment and wages, and the labour market is highly regulated. Social provision, but also class and status rely heavily on occupational success and family capacities. The so-called Mediterranean welfare world shows a high degree of social inequality. Typical examples are Italy, Greece, Spain and Portugal.

The post-communist welfare world: As already mentioned, for the eleven former communist countries that joined the EU in 2004, 2007 and 2013, it was the second rupture of their welfare state pathways. This is the most striking similarity between these states. They partly had to abandon social security institutions from before the communist period. And after 1989/90 they had to abandon parts of the social security institutions developed in the 40 years of communism. Some reverted to more conservative forms of pension insurance, while in the health-care sector socialist universalism prevailed. In the labour market, however, liberal reforms were implemented. But the pathways discerned in these states after 1989/90 differ considerably, so it is not reasonable to speak of a monolithic post-communist welfare model. While market-friendly social security reforms have been intense in Poland, Hungary and the Baltic States, Slovenia and the Czech Republic decided to follow the conservative welfare model, whereas Romania and Bulgaria

exhibit strong resemblances with the southern welfare model. Even if to some extent such a classification of the existing four ‘Western’ welfare worlds appears tempting, development has been inconsistent because of the hybridisation process the CEE states were able to embark on.

The postulation of welfare worlds is mainly theoretical, a helpful, but simplifying exercise, which ignores hybridisation processes and running variations on possible reforms. But beyond theory it is quite obvious that institutional differences in EU social security are real, though. It is difficult to imagine how a European Social Model could be formed out of these divergent welfare models. This is our first line of conflict: Between the pluralism of welfare state pathways, on one hand, and the intention to create elements of a European social policy fit for all on the other.

Preserving national sovereignty

Welfare state policies are cost-intensive. Up to one-third of GDP may be spent on social security. In particular, the financial needs of health care and pension systems account for a huge part of Member States’ public sector budgets. Of course, social expenditure rates differ considerably between Member States, which is explicable first of all in terms of different economic development. The stronger the economy, the more income per capita increases, and the more can be spent on welfare state expansion, in relative and absolute terms. But the institutional design discussed above is another important influence on the financial resources the state spends on social issues. If public social security is guaranteed at least to prevent poverty or in an emergency, the government can dispense the money elsewhere, while citizens have to organise themselves occupationally or on the private market to be safeguarded. And of course, there are different and changing political priorities with regard to the scope and level of public social expenditure. Looking at EU Member States’ social expenditure before the Covid-19 pandemic shows that, generally speaking, the social spending of the longer developed economies of western Europe is higher than that of countries that acceded later

(see Fig. 4, p. 30). Ireland is a counter example, where low social expenditure seems to be the result of a political decision to be a liberal welfare state. Social democratic and conservative welfare states also tend to spend relatively more on social protection than southern welfare states, with Italy being the exception.

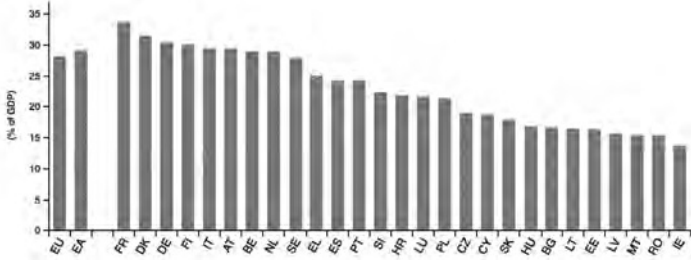


Fig. 4: Social protection expenditure in % of GDP 2019 in the EU, the Eurozone and the Member States. Source: Eurostat.

No matter how a nation organises its social security system institutionally, welfare policies are politically very important and contested everywhere. Crucial decisions are made on how, from whom and what level of financial resources are raised, and priorities are set on the manner, target groups and extent of social spending. Furthermore, social policy touches everyone living in a country, no matter what their social class or age. In terms of a broad understanding of social policy, nobody can escape its provisions ranging from child care to retirement pensions. This is why policies on the labour market, education, health and long-term care as well as old-age play a central role alongside economic policies as issues in election campaigns.

It is understandable that national governments are not very enthusiastic about giving up, even partially, this constitutive field of national policymaking. Given the huge differences in the institutional design of social security systems and Member States’ socio-economic development, how would joint European approaches emerge and what might have to be given up? National social affairs policymakers might fear, as the case may be, a levelling down of high

welfare standards or an overstraining of economic and institutional capacities. Most importantly, every government wants to make its own decisions on social security funding. The right to tax and charge social contributions, as well as the right to decide on spending priorities belong to so-called 'high politics'. Handing this over to the supranational level would entail losing an essential part of national autonomy and sovereignty.

In the EU so-called 'EUphoria' was high in the wake of the Cold War in terms of plans for integrating monetary policy and many other fields such as environmental policy, justice and home affairs, and foreign and security policy, not to mention enlarging the union to the east. But governments soon realised that satisfying EMU's Maastricht criteria could impose severe constraints on national economic and budgetary policies, and most of the newly envisaged common and coordinated policies required a willingness to rethink national priorities. With eastern enlargement around the corner the only just completed Single Market awakened fears of unfair competition due to foreseeable widening of socio-economic divergences. As a result, at the very time 'more Social Europe' became a necessity following the launch of economic integration (as partly was laid out in the Social Protocol of the Maastricht Treaty), Member States started to return to the defence of national interests.

To resolve this paradoxical situation, in the 1990s the EU embarked on a new path, later named the 'Open Method of Coordination' (OMC). It started with the coordination of labour market policies within the framework of the European Employment Strategy (EES), formalised in the Treaty of Amsterdam in 1997. From 2000 to 2010 the Lisbon Strategy gradually expanded policy coordination to other social sectors, such as social inclusion, pensions, health and long-term care. So-called 'soft' governance, with jointly agreed objectives, but implementation in accordance with national welfare state trajectories, and continuous monitoring accompanied by country-specific – although not binding – recommendations, was broadly seen as a panacea to deadlock on social integration. Under the aegis of the OMC, Member States are able to protect their national competencies on all sorts of welfare policies, while attempts are made

to generate a common view on social challenges and reform strategies, in parallel with the ongoing regulatory deepening of economic integration. This is our second line of conflict: Member States want to retain control over social policymaking, even though constantly deepening economic integration requires more common social regulation at the EU level.

Predominance of economic integration

This chapter leads us to the conclusion that Member States made progress rather on economic than on social integration projects. Why is that so? Member States always found decision-making easier on negative integration, meaning the abandonment of tariffs, border controls and other aspects hindering the free movement of goods, people, capital and services. Market enhancement directly serves the participating Member States: their enterprises through increased sales opportunities and low transaction costs within the framework of EMU, and their consumers by increased supply and declining prices. These were the basic economic thoughts behind economic integration from the creation of the EEC in 1957 onwards.

By contrast, what is dubbed positive integration, meaning the setting of common rules, policies and institutions, has always been much more difficult. Instead of removing something relatively painlessly and benefiting the relevant stakeholders in national economies, adding chapters to the Treaties on supranational standards and policies has proved to be highly controversial. Of course, the Single Market and EMU cannot function without common regulatory elements. That explains why positive integration is part of the Treaties, as seen in competition law and monetary policy, among other things. But when it comes to further market-correcting policies, be they macroeconomic, social or redistributive, supranational provisions operate at a relatively low level. We have already looked at some of the reasons for this, including very different welfare worlds and national governments' desire to protect national sovereignty.

This explains the 'constitutive asymmetry', as German political scientist Fritz W. Scharpf called it, between negative and positive

European integration, with market integration outweighing social integration in the Treaties. Two developments exacerbated this asymmetry, from the very onset of the integration process.

First, the Commission and the European Court of Justice (ECJ) are the main institutions responsible for implementing Treaty provisions or setting their limits. Both institutions use economic integration actively to enlarge Community responsibilities. Some consequences of Member State decisions on harmonisation were even not evident to negotiators when they agreed the Treaties' texts. Community institutions were rapidly to put their foot in the door of any emerging decision-making gap or unanticipated challenge. Based on the primarily market-enhancing integration written down in the Treaties, they managed to increase supranational responsibilities, as well as their competences over time. Clear, such development was possible only within the framework of negative integration. Well-known examples include some ECJ decisions in the 2000s (the *Laval*, *Viking*, *Rüffert* and *Luxembourg* cases) which laid down that the enforcement and guarantee of the four market freedoms must not be hampered by national welfare regulation and collective bargaining traditions. This became a particularly sensitive topic after eastern enlargement, when low-wage service sectors in CEE countries increased competition in the EU and put pressure on wages and social benefits.

Second, even if the need to better regulate social policies at supranational level is obvious, for example, in relation to the ECJ decisions just mentioned, Member States found it extremely difficult to establish the respective provisions. The Treaty specification that social policies have to be handled by qualified majority voting (since the Maastricht Treaty) or even unanimity resulted in a 'joint decision trap', according to Scharpf: Member States are in most cases unable to jump this high hurdle to decide collectively on market-correcting instruments or policies. It is not impossible, but for example as a result of the abovementioned supremacy of market freedoms in the service sector, which endangered welfare state arrangements, it took the Member States ten years to adapt the Posted Workers Directive adequately in 2018, according to which the principle 'equal pay for equal work in the same place' would henceforth apply.

Commenting on the outcome [...] of the European Parliament vote on posted workers, Liina Carr, Confederal Secretary of the European Trade Union Confederation (ETUC), saluting a victory for Europe's posted workers, said:

'Justice at last for posted workers. With the YES vote, the ETUC is very pleased that posted workers now have the prospect of equal pay. Even if the final deal includes important compromises such as the exclusion of transport workers, it guarantees at least the same pay for the same work in the same place. I thank Ministers, Commissioners, Council and Parliament for the work they have done to reach a deal. It offers the chance of a long overdue pay rise for some of Europe's 2 million posted workers. There is still work to be done to improve responsibility throughout the subcontracting chain and to guarantee the same protection for road transport drivers. The ETUC has been calling for revision of the Directive since the 2007 Laval and Viking cases and wrote as recently as last week to MEPs to vote against discrimination and exploitation of foreign workers.'

Source: ETUC Press Release, 29.05.2018

The big integration projects such as the Single Market and EMU have constantly deepened economic – mostly market-driven – integration. Its scope partly endangers national welfare state design due to the supremacy of EU law and the lack of more market-shaping or market-correcting measures able to maintain a balance with economic integration. As social citizenship and encompassing social rights and provisions remain attached to national welfare states, the asymmetry of European integration has only deepened further. For all the high expectations, the Charter of Fundamental Rights, with its set of social rights proclaimed in 2000 and referred to in the Lisbon Treaty of 2007, has been only partially able to boost EU jurisprudence in a more social direction. Its merely declaratory character and its reference to the scope of the Treaties with their asymmetric stipulations confirmed the well-known sequencing of integration policies: eco-

nomics first, social issues second. This was to be seen in the quarrels around the supposed supremacy of the four market freedoms over national social traditions and collective agreements after eastern enlargement. By contrast, the ECJ has recently strengthened social protection of temporary workers posted by a temporary employment agency to another EU country. Furthermore, in its pre-Brexit heyday, policy debate on social tourism or social migration – in the sense of the abuse of free movement to collect social benefits in welfare states with higher levels of social protection – led to a kind of Janus-faced jurisprudence: while on one hand, the ECJ backed the individual right to access social benefits when living in another country, on the other it limited the same right for non-working persons. And even the emergence from the late 1990s of coordination policies in the social sphere reflected the asymmetry of economic versus social integration, again based on Treaty provisions and their perpetuation. This is our third line of conflict: economic integration accelerated, driven by constitutional specifications and their interpretation, while social integration achieved only marginal progress.

The socioeconomic paradigm

Even if the implementation of the plans for a Social Union developed by Willy Brandt and the social democratic and socialist camp in the Community has been modest, the development of supranational ideas on democratising the economy, giving citizens a right to work or enabling transnational redistribution by a social budget sound radical today. At the time of their development in the 1970s, however, these ideas were absolutely in line with then dominant socioeconomic paradigm. ‘Keynesianism’, named after John Maynard Keynes, enjoyed its heyday in Europe in the post-war period, often referred to as the ‘golden age of capitalism’. Keynes had helped to give birth to a new socioeconomic paradigm in his 1936 *General Theory of Employment, Interest and Money*, breaking with classical economic conventions such as ‘market self-regulation’, and establishing macroeconomics as an important field of research and promoting political activism.

'Keynesianism' as it developed involves a recognition that markets are by no means perfect and tend to produce failures that classical economic doctrine cannot heal, but only exacerbate. Keynesianism teaches us to think in economic cycles, in full awareness of the connections between income, demand and supply in the national economy. In the case of mass unemployment, a state can be caught in a downward economic cycle, in which the classical remedy of labour market flexibilisation does more harm than good when it comes to reviving the economy. Demand-side management by means of public investment, and investment stimulation enabled by low key interest rate monetary policies and lowering tax rates turned out to be more suitable for getting out of a crisis. Counter-cyclical fiscal and monetary policies are supposed to tackle the changing economic situation as it actually is, in contrast to the rigid application of unchanging theoretical dogma. 'Keynesian' steering of the national economy also encompasses employment, wage and social policies as integral parts of income policy, as consumption is a central driver of demand by means of the multiplier.

In the 1970s, the first – never implemented – approach to a monetary union followed these Keynesian recipes. In order to confront asymmetric shocks, economic disturbances affecting only parts of the monetary union, Community-level stabilising fiscal policies were deemed necessary. This is because a common monetary policy imposed by a central bank could manage key interest rates appropriately only for the whole Union, and every Member State would have to be affected equally by the economic crisis. The preparatory report on monetary union presented by then-prime minister of Luxembourg Pierre Werner in 1970 contained, besides enhanced market integration, the objective of political unification by synchronising national budgetary procedures, harmonising fiscal policies and coordination by means of central stabilisation policies implemented by a Community-level decision-making body. In 1977, these plans were supplemented with the idea of establishing a common budget for the monetary union to actively pursue stabilisation policies at Community level in case of asymmetric shocks.

'The centre of decision for economic policy will exercise independently, in accordance with the Community interest, a decisive influence over the general economic policy of the Community. In view of the fact that the role of the Community budget as an economic instrument will be insufficient, the Community's centre of decision must be in a position to influence the national budgets, especially as regards the level and the direction of the balances and the methods for financing the deficits or utilizing the surpluses. In addition, changes in the parity of the sole currency or the whole of the national currencies will be within the competence of this centre. Finally, in order to ensure the necessary links with the general economic policy its responsibility will extend to other domains of economic and social policy which will have been transferred to the Community level. It is essential that the centre of decision for economic policy should be in a position to take rapid and effective decisions by methods to be specified, especially as regards the way in which the Member States will participate.

The transfer to the Community level of the powers exercised hitherto by national authorities will go hand-in-hand with the transfer of a corresponding Parliamentary responsibility from the national plane to that of the Community. The centre of decision of economic policy will be politically responsible to a European Parliament.'

Extract from European Communities: Report to the Council and the Commission on the realization by stages of Economic and Monetary Union in the Community.

«Werner Report», Supplement to Bulletin 11, 1970, p. 12f.

The first planning of a monetary union along 'Keynesian' lines illustrates perfectly the prevailing faith in the state's capacity to steer the economy, the employment situation and social matters. Because markets are considered to be inherently error-prone and volatile, global socioeconomic management would be needed to shape and correct them. The establishment of a European Social Union was a consistent step in the same direction.

Then came the end of the Bretton Woods system, the oil and the global economic crisis and the stagflation of the 1970s, which all took a heavy toll on claims that Keynesianism was the best economic theory. The emerging neoclassical theory sought to revive trust in supposedly ‘perfectly functioning markets’, which will reach equilibrium when not hindered by so-called ‘rigidities’ or disrupted by political intervention. A strong faith in ‘efficient market allocation’ and ‘rationally acting economic subjects’ gained ground, alongside a conviction that strategic market interference by political actors can only lead to suboptimal results. Classical ‘homo economicus’ was put forward as the microeconomic foundation of a new market-friendly, *neoliberal* paradigm in economic theory from the 1980s onwards. More ‘competition’, privatisation and deregulation, while keeping a tight rein on political governance of the economy came to the fore as suggested recipes to accelerate economic growth and employment. Neoliberal doctrine promoted a trade-off between equality and economic growth, turning a blind eye to people’s social situations. Having a job was deemed to be sufficient for avoiding poverty, and the broader consequences of a growing low-wage sector were largely ignored.

In the 1990s and 2000s what we have already characterised as the ‘liberal welfare world’ was a perfect fit for the new neoliberal environment. In line with Margaret Thatcher’s imperative ‘There is no alternative’ (TINA), many politicians embraced global financial capitalism at the cost of their ability to shape the market and welfare retrenchment. Social democrats, too, got on board with the new market-friendly economic paradigm and soon only few of them were able to imagine the ‘Keynesian’ approach as a feasible alternative. At the EU level, neoliberalism was paired with market-promoting negative integration in the completion of the Single Market and the setting up of EMU. The problem of how to tackle asymmetric shocks still existed, but neoliberal doctrine’s pat response was to try to better integrate markets to facilitate rapid adjustment through the movement of capital and labour across national borders. And of course, ‘political interference’ was anathema. This explains why economic integration was welcomed enthusiastically, but political and especially social integration were spurned.

The development of a union of states competing not only in economic terms, but also on wages, taxes and social costs, changed European integration profoundly. One side praised the internal European location competition as a way to forge European champions in the even rougher global competitive setting. The other side complained about the loss of a specifically European model. As unemployment was no longer seen as a collective, but rather as an individual problem flexibilisation of labour markets was the standard advice. Employment protection, minimum wages, collective bargaining and employees' codetermination came under assault. New, targeted employment policies were introduced under the heading of 'flexicurity', a social-democratic attempt to combine flexibility and security, although in many cases labour market reforms were imposed at the expense of the latter. The advent of coordination of employment and social policies in the EU started at the end of the 1990s, ostensibly committed to taking both economic competition and social cohesion into account. But supply-side policies soon gained the upper hand. This approach was enforced in the Euro crisis from 2010 to 2015 with a strong austerity bias in European reform pressures. This is our fourth line of conflict: under the aegis of Keynesianism political governance is supposed to correct markets and shape them in a macroeconomically and social useful manner, but neoliberal doctrine sees the EU as nothing more than a big market, which should be left free from 'interference'.

European disparities

Neoliberalism transposed the competitiveness mantra from the world of entrepreneurial competition to the professional and private life of every individual, as well as to the level of competing welfare states. The flip side of flexibilisation – privatisation and deregulation – marked the end of social advancement across the board. Wage stagnation and atypical forms of employment, such as temporary, part-time, marginal and solo self-employment became the hallmarks of the modern labour market. The decollectivisation of workers' in-

terests and the expansion of precarious working conditions, along with the need for private provision to cover major life risks in the social sphere, all go hand in hand with social individualisation and continually reinforce it. Meanwhile, the promised ‘trickle-down effects’ of a borderless world of business activity, a dogma of the so-called Washington Consensus of the 1990s (named after a market-friendly economic policy programme promoted by the International Monetary Fund and the World Bank) never arrived.

Inequalities have grown worldwide as financial capitalism enriches only a narrow group of people, exacerbating life for the majority, as labour markets have been made more flexible and welfare programmes cut. This is especially the case in western Europe, where the social scope of the social democratic, conservative, and partly also the southern welfare worlds have been forced to adapt to the new globalised markets and the ‘there is no alternative’ mantra. Lengthy and recurring economic crises have aggravated the inequalities all too evident in Member States, as well as between Member States.

Inside Member States, typical patterns of disparity exhibit a two-fold spatial and social division (see Fig. 5, p. 42). Regions in and around metropolitan areas have been better able to integrate their businesses in European and global value chains. The catchment areas of large and medium-sized cities in individual countries are the biggest winners in the urbanisation process. There infrastructure, public services and social benefits are usually well developed, per capita incomes highest, on average, and social problems least prominent. By contrast, outlying regions have not been able to cope with structural change and suffer from deindustrialisation or are rural and isolated. Well-paid employment opportunities are scarce, and infrastructure and public social services were either never comprehensively developed or are oversized reminders of better times that nevertheless still entail high costs. High social costs due to unemployment, rising risk of poverty and demographic aging are typical problems of the peripheral regions.

Economic dynamism in the metropolises is driven by modern industry and a knowledge-based service sector, mostly on existing

foundations, such as universities and long-established companies. Naturally, prospects in education and employment are favourable and lead to in-migration and an intensification of economic activities. The situation is completely different in peripheral regions. No large conurbations have emerged there; people live in separated small towns or in rural villages. There is almost nowhere in the peripheral regions that has managed embrace the service society without strong urban centres, except in regions with a high share of tourism. Some former industrial centres have disappeared with sectoral change, leaving behind a concentration of low-wage employment with low growth and poor educational opportunities and an exodus of the better educated. This only harms the region further. These regional development cycles reveal a strange reciprocal relationship: the peripheral regions need the economically developed centres as an out-migration option, and the economically developed centres tap the better educated or future workforce available there for their own development. This dynamic has helped to reinforce the gap between peripheral regions and developed metropolises in the past 30 years, imposing a heavy burden on the EU in its efforts to promote social equality and ensure social justice for every citizen, no matter where they live.

Between the Member States this picture of twofold spatial and social division is even worse. The latest data (2021) show that ten member states have higher per capita income rates compared with the EU27 as a whole (2020 – 100 GDP per capita in PPS). They are all ‘old’ western European countries, ranging from France at 104 PPS to the richest country Luxembourg, at 268 PPS. Below the EU average we find 17 Member States, ranging from Malta at exactly the EU average to Bulgaria, at only 57 PPS. All the CEE countries are clustered here, as well as all states belonging to the southern welfare model. The distance between Bulgaria and Luxembourg is enormous: on average, people in Luxembourg have incomes nearly five times higher than those in Bulgaria. Of course, this general view tells us nothing about the distribution of wealth in the respective societies. In reality there will be individuals in Bulgaria who are as rich as an average person in Luxemburg, for example. This point of view also ignores the

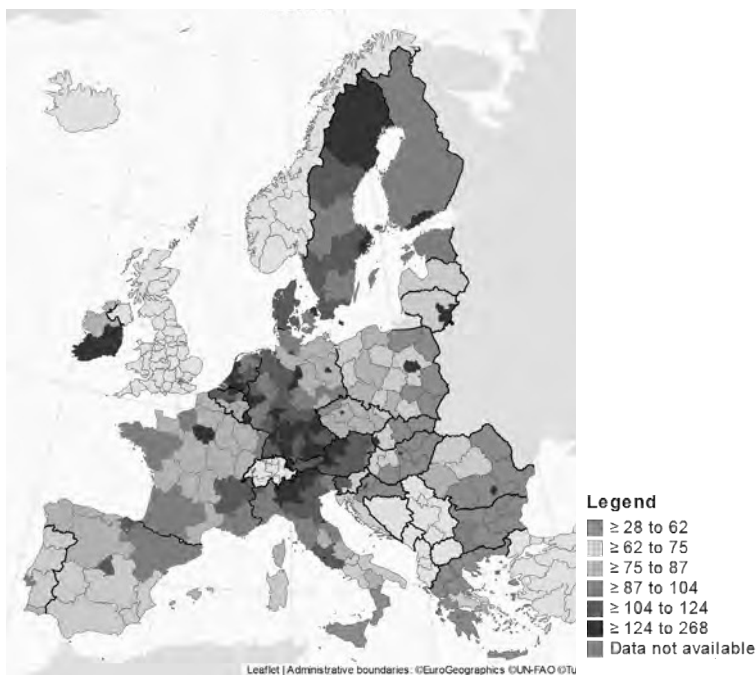


Fig. 5: Per capita GDP in PPS in European Nuts-2 regions 2022 relative to EU = 100 (2020). Source: Eurostat.

differences inside countries, such as those we discussed above between metropolitan and peripheral regions, or historical divisions in some countries in terms of socioeconomic development between north and south (Italy, Portugal, Spain, Ireland) and east and west (Germany, Poland, Hungary, Romania).

The socioeconomic split between northern and western states on one hand, and CEE and southern states on the other has not always existed. Prior to the global financial and economic crisis and the succeeding Euro crisis, Italy and Spain belonged to the group of countries with a higher per capita income than the EU average. The Euro crisis hit the southern European countries hard and was aggravated by the EU's 'austerity management'. As the EU is committed

to fostering ‘economic, social and territorial cohesion’ (Art. 3 TEU), the evident divergences and risk of relapse show that catching-up might be less certain than widely believed. A distributional policy to help lagging regions was set up early on with the development of the ESF in 1957, but its success has been patchy. Ireland’s socioeconomic development (219 PPS) has surely been a success story, as was that of Greece, Spain and Portugal before the Euro crisis, after which convergence turned into divergence.

However, it is puzzling that the differences between the six founding members of the ECSC have not been levelled out in 70 years, despite the EU’s cohesion policies. Rather, the Euro crisis made clear just how uncertain and reversible convergence developments can be. To ensure social equality and justice for all citizens cohesion policies are an important feature of European integration. But obviously EU efforts to minimise opposing socioeconomic drifts and prevent negative externalities have been too timid. This is our fifth line of conflict: despite a common policy for economic, social and territorial convergence, social and spatial inequalities and disparities grow with every economic crisis.

3 European social policy: modes and actors

The EU engages in social policymaking amidst the various lines of conflict described above. A variety of modes of governance are applied. Some are rooted in hard law, others involve soft coordination. Depending on the mode, different actors take part in the decision-making using different sets of instruments. In what follows we describe the EU's social policy competences and how they are used in practice.

Legal foundations

The 2007 Lisbon Treaty, which entered into force in 2009, forms the current basis of EU primary law. It builds on the Nice Treaty of 2001 and comprises the Treaty of the European Union (TEU) and the Treaty on the Functioning of the European Union (TFEU). Social aspects are mentioned in the TEU quite early, as Article 2 invokes the founding values of the Union, including, for example, equality, in 'a society in which pluralism, non-discrimination, tolerance, justice, solidarity and equality between women and men prevail'. Article 3 goes a bit deeper, mentioning the well-being of its people as one of the Union's central aims. A 'highly competitive social market economy' is envisaged, 'aiming at full employment and social progress'. Social justice and social protection are mentioned as objectives to be promoted. Gender equality, generational solidarity and the protection of children's rights are emphasised. Cohesion is another central objective, as is solidarity between the Member States. Reference is made in Article 6 TEU to the European Charter of Fundamental Rights – containing social norms – on which it confers 'the same legal value as the Treaties', with recognition of its rights, freedoms and principles.

Art. 3 (3) TEU:

The Union shall establish an internal market. It shall work for the sustainable development of Europe based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of the environment. It shall promote scientific and technological advance. 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. It shall promote economic, social and territorial cohesion, and solidarity among Member States. It shall respect its rich cultural and linguistic diversity, and shall ensure that Europe's cultural heritage is safeguarded and enhanced.

Article 4 TFEU determines that aspects of social policy, as well as economic, social and territorial cohesion fall within the sphere of shared competences between the EU and the Member States. Soft policy coordination in employment policies shall be ensured, according to Article 5 TFEU, and the coordination of Member State social policies may be initiated by the EU. Article 9 introduces the horizontal social clause, determining that all Union policies shall take social objectives into consideration.

Art. 9 TFEU:

In defining and implementing its policies and activities, the Union shall take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training and protection of human health.

Freedom of movement for workers is guaranteed in Article 45 TFEU, and Articles 46 and 48 state the relevant employment and social provisions that go along with this market freedom; for example, mobile workers take their social entitlements with them, regardless of the welfare state they are working in. Title IX TFEU, in Articles 145–150,

deals with employment policy and Title X, in Articles 151–161, the scope of EU social policy. Title XI (Articles 162–164) establishes the ESF, and Title XII (Articles 165 and 166) sets out cooperation in education and vocational training. Title XIV states public health as a complement of national policies in Article 168. In Title XVIII (Articles 174–178) the objective of economic, social and territorial cohesion is supplemented with a set of funds designed for this purpose. In Articles 300–304, the European Economic and Social Committee (EESC) is introduced as an advisory body to the EU, including representatives of employers and employees’ organisations and civil society.

Regulatory social policy

When the EU regulates employment and social policies, the provisions in the Lisbon Treaty set the primary legislation, while concrete regulations, directives and decisions belong to secondary legislation. Regulations are directly binding on all Member States. Directives are also binding, but it is left to national authorities to choose the form and methods of implementation. Decisions are specific and binding only for their addressees. While the European Commission possesses the stand-alone power of initiating legislation, decisions are usually taken following the so-called ordinary legislative procedure, meaning co-decision law-making by the Council and the European Parliament. Decisions in the Council are taken either by qualified majority voting or by unanimity (such as social security and social protection for workers), as defined for different social policy fields. Another important contribution to what is called the social *acquis communautaire* comes from the ECJ, which interprets the meaning of the provisions set out in the Treaties. ECJ jurisprudence often determines the Treaties’ meaning and scope in individual cases, with implications for the general reading and application of the respective articles.

Fields of social policy with EU competences to enact legislation:

- improvement of the working environment to protect workers' health and safety
- working conditions
- social security and social protection of workers
- protection of workers where their employment contract is terminated
- information and consultation of workers
- representation and collective defence of the interests of workers and employers, including co-determination
- conditions of employment for third-country nationals legally residing in Union territory
- integration of persons excluded from the labour market
- equality between men and women with regard to labour market opportunities and treatment at work, including equal pay
- vocational training and retraining
- territorial, economic and social cohesion
- social dialogue on the EU level
- public health

Sources: TFEU, Articles 153, 157, 164, 166, 168, 177, 178.

Regulation of social policies at supranational level was deemed to be necessary in the Community early on as an accompaniment of the worker mobility enshrined in the EEC in 1957. Social security of mobile workers between the EU's Member States, occupational health and safety, equal treatment of men and women, and individual labour law protection were defined from the outset of the integration process. They still represent a major part of the various policy fields: Article 153 TFEU defines them as shared competences, in which the EU shall support Member States' own policies. EU-wide minimum standards are common in these fields. Policy harmonisation is excluded – the Member States' right to autonomously define the basic principles of their welfare state design remains unaffected. That said, EU-wide regulation in the fields of equal treatment and anti-discrimination, but also in occupational safety, are very substantial and may urge Member States to adapt national legislation accordingly.

It is not difficult to see that the first and main part of European social regulation is bound to employment. Given the economic integration objectives since the founding of the ECSC, the coordination and portability of social security rights for mobile workers have played a major role in secondary legislation on social matters. As early as 1957 the plan to establish a common market with the EEC implemented in the Treaties workers' rights to take up jobs anywhere in the six Member States without discrimination in favour of national workers, as well as the accumulation of social security entitlements across national borders. The first two social policy regulations from 1958 thus focused on the mobility of workers, stating their right to be socially protected in the country in which they happen to be employed. Ensuring social protection for migrant workers at the same level as for host country workers made it necessary to strongly coordinate information exchanges between social security institutions. Later, this was underpinned by further EU legislation on the social rights of workers' family members, taxation, vocational training and the portability of occupational pension schemes. These regulations seek to ensure that migrant workers need not fear having no access to unemployment or sickness benefits, invalidity or disability provisions, or having no right to parental leave and family allowances, not to mention losing pension entitlements.

The Maastricht Treaty introduced EU citizenship as complementary to national citizens' rights. This led to an extension of the social rights intended for mobile workers to all individuals. Untethered to economic considerations, residence in another EU Member State enables for those migrating the same social rights and duties as belong to national citizens. This general principle has sometimes been challenged by accusations of social tourism, as well as uncertainty about how to apply it properly in services when posting of workers to another Member State is only temporary. Regarding the latter, the European Labour Authority (ELA) was established by common regulation in Bratislava in 2019 to support the tricky application of mobility law.

A second area of EU legislation concerns health and safety, again with a prime focus on employment. Working in another Member

State must be reflected not only in unemployment and pension provisions, but also in health care. Health care insurance coverage and emergency treatment for non-national workers and their family members in the host state was therefore established gradually from the 1960s. Many directives implement common standards on issues such as work equipment, product and handling safety, chemical materials and health-threatening products and dangerous – for example, explosive – goods. They partly concentrate on single sectors with specific vulnerabilities, such as the mining or fishing industries, or the health care sector. But the EU has interpreted occupational health and safety in a broad sense and has also subsumed under this heading directives on young workers, pregnant workers, transparent and predictable working conditions, European Works Councils, the work–life balance of parents and carers, working time and – very recently – adequate minimum wages.

A third area of EU regulatory activity has evolved around equal treatment of men and women. Again, there is a direct link to the world of employment. Starting in the 1970s, the equal pay provision was gradually extended from wages to working conditions, access to employment and vocational training, equal treatment in social security schemes and the self-employed. After the Amsterdam Treaty expanded the EU's competences beyond gender equality to anti-discrimination, a new directive covered employment equality also as regards religion, disability, age and sexual orientation. The construction of the EU's 'equality regime' is today perhaps the regulatory policy most emancipated from the world of labour and employment.

Distributive social policy

As already discussed, social policy funding makes up an immense part of the national welfare state's budget. This is not the case at supranational level. The EU budget remains stuck at around 1 per cent of the whole Community's GDP. With only meagre resources of its own the Union is dependent on Member State financial allocations, which are determined in the multiannual financial framework for successive periods of seven years. Negotiations on this between the

EU institutions and the Member States have never been easy, with Margaret Thatcher merely spelling out what others were probably thinking.

Regarding employment and social policies, the ESF supports employment and employability projects. Its rationale was that founding members should help less developed regions to participate in the expected economic prosperity resulting from the planned market integration. Already integrated in the Treaties of Rome establishing EEC and running from the beginning of the 1960s onwards, this was the first redistributive instrument at the supranational level. Its closeness to market integration is made obvious by its focus not on individual social support, but on employment-related education and training, and geographical and occupational mobility programmes in the EU. Today, the ESF accounts for around 10 per cent of the EU's budget and is integrated in its cohesion policies. Further support for lagging regions comes from the European Regional Development Fund (ERDF) and the Cohesion Fund (CF). The European Globalisation Adjustment Fund (EGF), introduced in 2006, also provides support in case of mass dismissals as a result of offshoring due to the pursuit of global competitiveness. The Youth Employment Initiative (YEI), set up in 2013, supports the implementation of Youth Guarantee schemes. In 2014 the Fund for European Aid to the Most Deprived (FEAD) was set up, sustaining national efforts to help people at risk of poverty or social exclusion. For the founding period from 2021 to 2027 the latter two smaller funds are bundled into the ESF+. ERDF and ESF+ together account for more than 313 billion euros for the total funding period to 2027 (plus 36.6 billion euros in the CF).

The funding allocated for projects in the Member States is calculated on the basis of their socioeconomic prosperity. Eligibility ranges from less developed regions (less than 75 PPS per capita GDP) through transition regions (between 75 and 100 PPS per capita GDP) to more developed regions (more than 100 PPS per capita GDP), with level of funding inversely proportionate to prosperity. In the current financing period since 2021 the allocation of resources is supplemented by the development of other indicators, such as youth unemployment, education level and climate change, as well as migration and in-

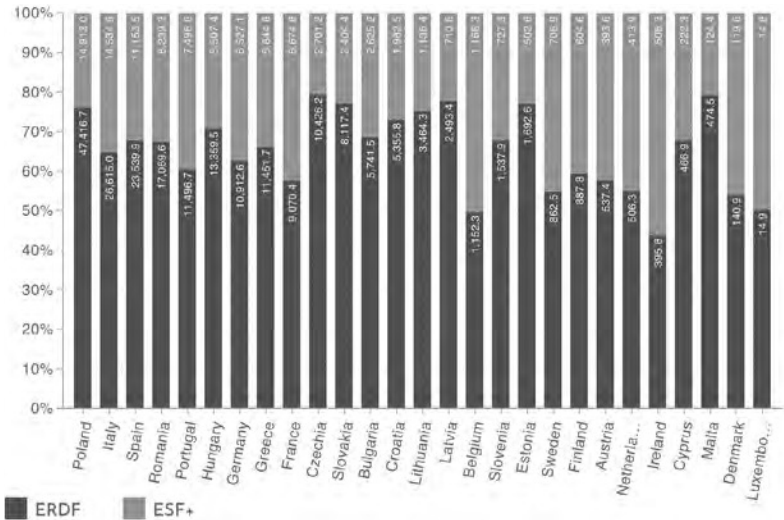


Fig. 6: ERDF und ESF+ initial allocations to EU Member States, 2021–2027 (EUR m - current prices). Source: European Commission.

tegration. There are ongoing discussions on whether the distribution (see Fig. 6, p. 51) is fair, given that the most prosperous Member States also receive financial support from the EU’s funds, some to a considerable degree, such as Germany and France (both receive over 15 billion euros). But also the most prosperous EU states have lagging regions, and the Member State governments that contribute most to the EU budget are tough negotiators with an eye to obtaining what they consider a just return from the common budget.

Support from European funds is not unconditional. Member States have to sign partnership agreements with the EU in which they explain their planned projects, strategies and investments, which have to be in line with the priorities set at supranational level. Co-financing of measures by the Member State is obligatory, and bound to the fulfilment of Country-Specific Recommendations (CSR) issued in the annual coordination cycle of the European Semester. Conditionality has recently expanded and also applies to the additional 750 billion euro NextGenerationEU (NGEU) budget that Member States adopted in 2020 to counteract the economic down-

turn and social disruption caused by the Covid-19 pandemic. An amount of 390 billion euros has been provided in the form of grants (the rest comprises repayable loans) to the Member States suffering most from the pandemic. The lion's share of the resources are to be spent by the newly created Recovery and Resilience Facility (RRF) and prescribed to areas of structural change for a green and digital transformation of the economy and sustainable growth, but also for health and social resilience as well as social and territorial cohesion. Member States' Recovery and Resilience Plans (RRP) with projects in these areas running up to 2026 are agreed by the Commission and the Council and form part of the monitoring procedures of the European Semester.

Coordinative social policy

Policy coordination between the Member States intensified from the mid 1990s as a means of ensuring harmonisation in the face of reluctant governments. Policy coordination was developed in particular in the realm of economic, employment and social policies, today institutionalised in the European Semester and the OMC. While the coordination of budgetary policies in the EMU and other economic policies, as well as employment policies between the Member States 'shall' be coordinated by means of the determination of common guidelines according to the Treaties, social policies only 'may' be coordinated (Art. 5 TFEU). The Stability and Growth Pact (SGP) for EMU (Art. 126 TFEU in conjunction with Protocol No. 12 on the excessive deficit procedure) is widely known as an obligatory coordination procedure. In contrast to monetary policy solely done by the ECB, fiscal policy remains in the hands of the Member States, but must be subject to coordination. Target values are monitored for the development of public budget deficits and levels of indebtedness. Failure to achieve the targets of a maximum 3 per cent annual government deficit and a maximum 60 per cent of government debt, measured as a percentage of GDP might result in an excessive deficit procedure. Sanctions can be imposed on the relevant Member State.

National differences in employment policies are considered, for example, with regard to national practices concerning the responsibilities of management and labour (Art. 146 TFEU). Similar to economic policy coordination are the Council guidelines for employment policy in the European Employment Strategy (EES), established in 1997. Member States must report on how they are adhering to the guidelines, which is monitored by the Commission and the Council, which prepare recommendations to the Member States on how they should adapt their employment policies. Unlike in EMU budgetary policy coordination neither thresholds nor sanctions are provided in primary law for violating the guidelines.

Fields of social policy in which coordination between the Member States shall be facilitated:

- combating social exclusion
- modernisation of social protection systems
- employment
- labour law and working conditions
- basic and advanced vocational training
- social security
- prevention of occupational accidents and diseases
- occupational hygiene
- the right of association and collective bargaining between employers and workers
- public health

Source: Art. 153, 156, 168 TFEU

When it comes to social policy coordination, the emphasis on Member State sovereignty is even more pronounced than in the area of employment policy. The TFEU refers in various places to ‘diverse forms of national practices’, the ‘diversity of national systems’, excludes ‘any harmonisation of the laws and regulations of the Member States’ and reiterates ‘the right of Member States to define the fundamental principles of their social security systems’ (Art. 151–153 TFEU). Having said that, the coordination of social affairs started

gradually in 2000 with the Lisbon Strategy in the areas of social inclusion, pensions, health and long-term care and is referred to in primary law. There is little differentiation between social policies enacting EU law and social policies within the framework of coordination, as regulatory policies may also be subject to coordination, or are only partly subsumed under shared competences.

With the adoption of the Lisbon Strategy, the European Council formulated the design and procedural steps of the OMC precisely. Accordingly, it comprises a four-stage recursive process:

- (1) establishment of guidelines for the EU with a precise timetable for the achievement of short-, medium- and long-term objectives;
- (2) formulation of quantitative and qualitative indicators and benchmarks for comparing 'best practices' among the Member States;
- (3) transposition of European guidelines into national policies through the development of concrete objectives and measures;
- (4) regular monitoring, peer review evaluation and corresponding recommendations as part of a mutual learning process.

The decennial European growth plans the Lisbon Strategy (2000–2010) and the Europe 2020 Strategy (2010–2020) closely followed the OMC process. After a period of condensation of various individual coordination threads with different time spans, the annual European Semester appears to bring together all these policy coordination efforts from 2011 onwards. Its starting point in November (see Fig. 7, p. 56) is accompanied by a set of publications by the Commission, especially an Annual Growth Survey (AGS) setting the economic and social priorities for the year ahead and a draft Joint Employment Report (JER) analysing the employment and social situation in detail, which is discussed in the Economy and Finance Ministers Council (ECOFIN) and the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO). The Commission publishes information on individual Member States' socioeconomic performance in Country Reports in February. After bilateral meetings with the Commission and adoption of the economic priorities set out in the AGS by the European Council in March, Member

States present their National Reform Plans (NRP) in April. A draft version of the Country-specific Recommendations (CSR) is given out by the Commission in May, providing concrete policy guidelines on economic, employment and social policies tailored to each Member State, adopted by the relevant Council formation in June and endorsed by the European Council in July. The process incorporates various further plans and reports with reference to EMU specifically, mainly on budget policies and macroeconomic imbalances. While the Commission clearly leads the process of Member State coordination, the European Parliament is given a side role, only discussing the topics at stake and giving its advice in the form of resolutions.

This process timeline is subject to constant evolution. During the Euro crisis, the coordination tools concerning EMU were supplemented by new budget plan surveillance and a Macroeconomic Imbalance Procedure (MIP). With the MFF 2021–2027 monitoring of cohesion policies forms part of the European Semester. And with the implementation of the RRF, the whole timeline had to be adapted (temporarily) to fit the application, approval and monitoring of the investments and reforms planned therein. While in the 2000s the OMC in social affairs was pure policy coordination, the nature of the European Semester, bringing together all kinds of policies, has profoundly changed since then. Coordination has been reinforced in some areas by legislation, mostly as regards economic policy in response to the Euro crisis, whereas social policy coordination is still not very effective due to the distribution of competences. In the 2017/18 cycle of the European Semester the EPSR was supplemented by an accompanying Social Scoreboard, which measures social progress in the Member States. With the new MFF and NGEU a distributive element was inserted in the coordination process. Thus the line from coordinative to legislative and distributional EU policies is becoming increasingly blurred in this evolutive mode of governance.

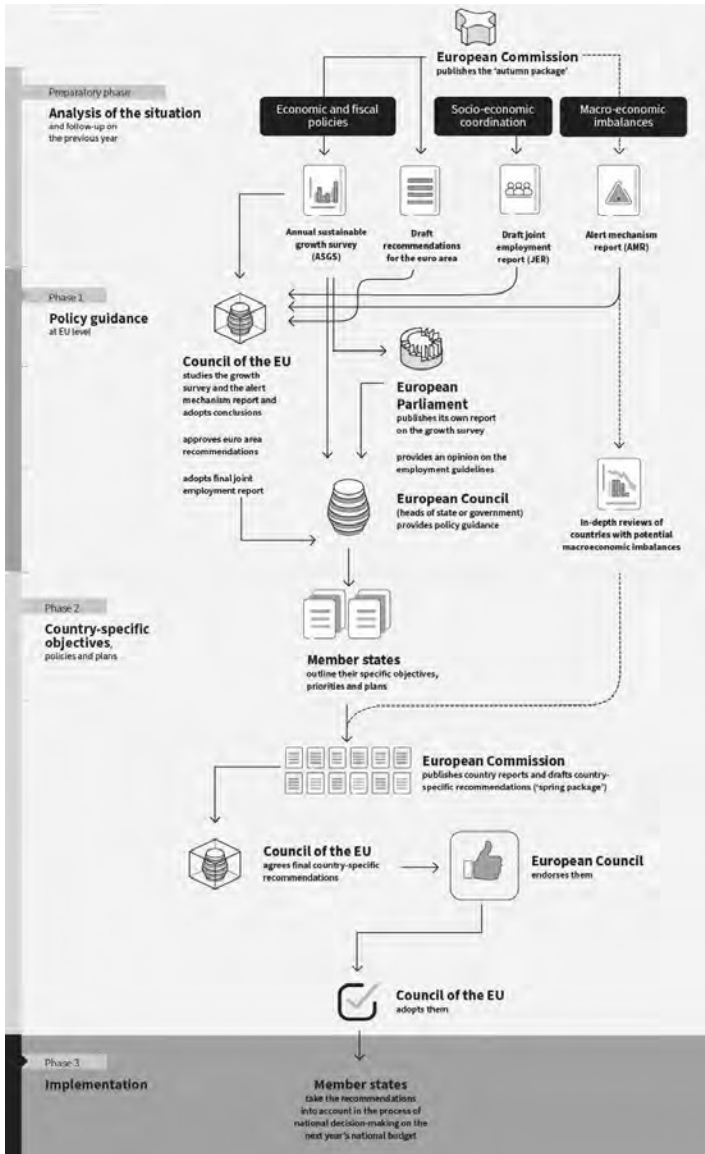


Fig. 7: European Semester overview. Source: Council of the European Union.

Social dialogue

Bilateral dialogue between employers' and employees' organisations at supranational level, partly in the form of tripartite meetings together with the Commission, started to gain ground when Commission president Jacques Delors invited representatives of the European Trade Union Confederation (ETUC), the Union of Industrial and Employers' Confederations of Europe (UNICE, now BusinessEurope) and the European Centre of Employers and Enterprises providing Public Services and Services of General Interest (CEEP, now Services of General Interest, SGI) to Val Duchesse in 1985. With the ensuing work on the possible establishment of a supranational social dialogue Delors hoped finally to bypass conflicts in the Council on developing Social Europe by instigating the expansion of agreements between the social partners. Out of the so-called 'Val Duchesse Process' EU Social Dialogue was developed, its main step being the Maastricht Treaty in 1992.

Articles 152, 154 and 155 TFEU provide social partners with a wide array of instruments, although Article 153 (5) forbids any harmonisation efforts with regard to wage policy, the right of association, the right to strike or the right to impose lock-outs. All are typically among the exclusive national rights of employers' and employees' organisations, partly at constitutional level. The social partners come together with representatives of the Commission and the Council at regular tripartite summits prior to meetings of the European Council. The Commission is supposed to consult the social partners on all social policy proposals prior to taking action, and again on concrete proposals before submitting them to the ordinary legislative procedure. These information and consultation rights are only the first step of social partner involvement in shaping European social policies. The second is an opportunity to express a wish to negotiate with each other on the same topic. They have nine months to reach agreement on their own. If they fail to do so, the Commission can take back the initiative. Two sorts of agreements are possible between the social partners:

- (1) at the joint request of both negotiating parties, the agreement can be implemented by a Council decision; or
- (2) the social partners decide to opt for a so-called autonomous agreement, meaning it is implemented by the relevant national social partners.

This instrument gives the social partners legislative power in social policy matters covered by Article 153 TFEU. In 1998 this was expanded to the sectoral level. The Commission's role is to act as a process manager, and autonomous negotiations take place between the social partners under the aegis of its power to take back control of the matter and launch an ordinary legislative procedure if an agreement cannot be reached within nine months. The whole procedure is at the interface of legislative and coordinative social policies, given the fact that agreements may replace ordinary legislation (thereby trumping the European Parliament's say on the matter) or authorise social partners to coordinate concerning the scope, level and implementation of the respective agreement.

Agreements implemented by Council directive	
1999	Framework agreement on fixed-term work
1997	Framework agreement on part-time work
1996, revised 2009	Framework agreement on parental leave
Agreements implemented autonomously by the social partners	
2020	Framework agreement on digitalisation
2017	Framework agreement on active ageing and an inter-generational approach
2010	Framework agreement on inclusive labour markets
2007	Framework agreement on harassment and violence at work
2004	Framework agreement on work-related stress
2002	Framework agreement on telework

Fig. 8: Cross-sectoral agreements reached by the social partners in EU Social Dialogue. Source: European Commission.

Both social partners showed considerable interest in this new instrument for forging EU legislation throughout the 1990s, but while the trade union confederations still see this procedure as an important European negotiation arena, the employers' organisations have constantly lost interest in binding regulation. They prefer to take the policy coordination path, leading to an increase in the issue of recommendations and opinions to national and sectoral social partners. This voluntary coordination reflects the very different national forms of industrial relations in the Member States, depending on the welfare world they belong to, but also in line with the recent trend towards social policy coordination at EU level. The European Social Dialogue has thus produced only three cross-sectoral agreements leading to a Council decision and six cross-sectoral autonomous agreements over the past 30 years, a meagre haul (see Fig. 8, p. 58). Many more texts have been agreed on in the sectoral social dialogue, but the number of people affected and procedures implemented vary considerably.

European social policy actors

Who are the main actors involved in developing Social Europe? We have already discussed the Member States' desire to retain control over national welfare policymaking. When it comes to the partial integration or at least coordination of employment and social affairs at European level, the EU's multilevel governance system provides a number of institutional and organisational options, the most important of which shall be presented in what follows.

European Commission: Obviously, the Commission is the agenda setter for Social Europe. It is the only institution capable of launching new legal or coordinative initiatives at supranational level. Its Directorate-General (DG) for Employment, Social Affairs and Inclusion (EMPL) is in charge of most of the abovementioned social topics, including the distributional affairs of the ESF+ and social dialogue. Public health, however, is dealt with by the DG for Health and Food Safety (SANCO). Besides proposing new regulatory initiatives, the Commission plays the main role in coordinating Member

State social policies, as it is responsible for organising, monitoring, comparing and pre-formulating recommendations in the European Semester. The Commission also functions as a watchdog over compliance with Treaty provisions, with the ability to reprove Member States for not implementing EU legislation or to bring such cases to the ECJ. DG EMPL uses a broad range of instruments to develop Social Europe in addition to concrete legislative or coordinative action. It regularly publishes working papers, analysis and data on social developments. The best known of these are the quarterly and annual key publications in the series 'Employment and Social Developments in Europe' (ESDE). Closely related are a group of decentralised EU agencies, namely the ELA in Bratislava, the European Foundation for the Improvement of Living Conditions (EUROFOUND) in Dublin, the European Agency for Safety and Health at Work (EU-OSHA) in Bilbao, the European Centre for the Development of Vocational Training (CEDEFOP) in Thessaloniki, and the European Training Foundation (ETF) in Torino. DG EMPL organises events and dialogues all over the EU with a broad range of external partners. It recently assumed the comprehensive task of implementing the EPSR, combining informational, communicative, coordinative and legislative responsibilities. While DG EMPL was very successful in enlarging the social *acquis* in the late 1980s and 1990s, deepened economic integration through the Single Market and EMU has strengthened its counterparts: the DG for Economic and Financial Affairs (EC-FIN), the DG for Internal Market, Industry, Entrepreneurship and SMEs (GROW) and the DG for Competition (COMP). DG ECFIN in particular works autonomously on questions of the financial sustainability of social security systems, thereby making it difficult for DG EMPL to develop possible reform options. This was especially true during the Euro crisis, when the then Social Commissioner László Andor tried to fly the flag of Social Europe with a Social Investment Strategy and the Youth Guarantee Scheme against youth unemployment. His successors Marianne Thyssen and Nicolas Schmit were primarily occupied with preparing and implementing the EPSR. This is regarded as a prominent resurgence of Social Europe on the EU's political agenda.

Council: The Council formation most relevant for Social Europe is the meeting of the national ministers of labour and social affairs, the Social Policy, Health and Consumer Affairs Council (EPSCO). The Council is co-legislator with the European Parliament in the ordinary legislative process, and still the main decision-making actor. EPSCO determines the employment guidelines on an annual basis. Articles 150 and 160 TFEU establish two committees in the social realm, belonging formally to the Council with representatives from each Member State, but with close Commission involvement: the Employment Committee (EMCO) and the Social Protection Committee (SPC). While EMCO monitors the employment situation and policies, the SPC monitors the social situation and development of social policies and promotes the coordination of practices between Member States. Both input their work into the European Semester, preparing the JER, developing indicators of the Social Scoreboard, and formulating recommendations to the Member States within the scope of EES and OMC. Ministers usually meet four times a year, which compares poorly with their colleagues in the finance and economy ministries, who meet monthly in the Council for Economic and Financial Affairs (ECOFIN). As between EMPL and ECOFIN in the Commission, relations between EPSCO and ECOFIN are competitive. The latter is much more powerful due to the EU's economic integration bias, as mirrored in its decisive role in steering European Semester cycles and in economic crisis management.

European Parliament: Social policy is an important area in which the Parliament can substantiate its self-perception as the legitimate representative of all European citizens. MEPs regard this contested field of shared competence, over which the Member States jealously guard their national sovereignty, as an opportunity to stake an institutional claim. Shaping Social Europe in detail is done mainly by the Parliament's Committee on Employment and Social Affairs (EMPL). Here, the legislative acts initiated by the Commission are discussed with experts and representatives from the social partners and civil society. The final parliamentary stance is voted on in plenary session, based on the EMPL rapporteur's report. In the ordinary legislative procedure, the Parliament has the power to redraft

the initial Commission proposal, which the Members of Parliament (MEP) used for the first time in 2006 for the Bolkestein directive, which sought to push through the free movement of services in the Single Market with the help of the country-of-origin principle for social provision. The Parliament positioned itself against what it saw as the risk of social dumping. Unlike in the legislative field, the Parliament plays only a side role in the ever more important policy coordination processes, namely in the European Semester, where it may voice its opinion, but has no concrete task. MEPs stand together to defend their own institutions' competences vis-à-vis the Member States gathering in the Council, but they are split along several lines. Besides the traditional division between left and right parliamentary groups, the 2019 elections have led to a growing conflict between pro-European forces and those against further integration. In social matters one can add two factors that influence MEPs' perceptions: the cultural imprint of their national welfare state model and their country's socioeconomic development.

European Court of Justice: As noted above, the ECJ with its case rulings has developed the scope and interpretation of the Treaties to a large degree. How the social rights of migrant workers and their families are to be understood, the equal treatment of men and women across the board and the framing of what today is called European social citizenship have all been developed by and with regard to ECJ jurisprudence. The enlargement of European competences over against national sovereignty claims is obvious, but this is not necessarily the case for a politically desirable balance between the market and social rights. A case in point are the ECJ rulings *Viking*, *Laval*, *Rüffert* and *Luxemburg* in the years 2007 to 2009, in which, based on the Treaties' lopsided provisions, the judges reinforced the four market freedoms' dominance over national collective and social action.

European Economic and Social Committee: Already established with the EEC, the EESC brings together employer and employee organisations, as well as civil society, NGO and SME representatives on social and consumer issues. Its 160 to 190 opinions a year to the Commission, the Council and the Parliament are non-binding, but the Treaties make EESC consultation obligatory in the ordinary leg-

isolation procedure. It voices a concentrated and negotiated opinion on all supranational socioeconomic topics, therewith building a bridge to the institutions initiating and deciding on EU legislation.

Trade unions: The European Trade Union Confederation (ETUC) represents 93 national trade union confederations and 10 European trade union federations. Trade unions are thus important actors in shaping Social Europe. ETUC is consulted prior to Commission initiatives in the social field; liaises with the Parliament, especially in the cross-party trade union intergroup; takes part in regular tripartite social summits of the Council presidency, the Commission and the social partners; and coordinates trade union involvement in the EESC. Another important field of activity is participation in the European Social Dialogue. The ETUC showed that cross-country worker mobilisation is possible when it successfully orchestrated protests against the Bolkestein directive and closed ranks with the European Parliament on the issue. But different national welfare worlds and industrial organisation patterns, as well as the socioeconomic gap make it difficult to set out a common European trade union stance on some economic, employment and social issues.

Welfare organisations and other NGOs: Lobbying by interest groups is very well developed in the EU, and not only on the employers' side. Many social NGOs mobilise for their member organisations and the people and concerns they represent. They participate in decision-making by being consulted by the European institutions and lead protest campaigns against specific legislative initiatives. Their issues range from classical welfare issues such as poverty, disability, health care and homelessness to equality and anti-discrimination, children and young people, and educational or consumer policies, to name just a few. Most of them organise in large organisations, such as the European Social Platform (46 member organisations), Solidar (more than 50 member organisations), the European Anti-Poverty Network (32 network organisations), or the European Youth Forum (100 member organisations).

4 Stages of European social policy development

The history of Social Europe is long and gradual, dating back to the 1950s. There have been varying results as regards the scope and level of the social integration progress. Five stages of European social development can be identified, which we shall present alongside the most important policy initiatives.

Stage 1 (1958–1972): accompanying economic integration

The EEC came into being in 1958 with the Treaties of Rome, signed by the six founding Member States in 1957. Its main purpose was to adapt the fruitful integration experience of the ECSC in the coal and steel sector since 1952 to a broader market. The six applied the ‘*méthode Monnet*’ of gradual integration on the basis of subsidiarity with the ultimate aim of creating a common market. Economic integration appeared to be the area in which all the Member States’ interests would be served, while political unification was seen as a long-term objective to be achieved quasi-automatically through spillovers. Although the goal of ‘ever closer union’ was proclaimed, it was understood mainly in economic terms. As the first step towards economic integration, the EEC scheduled a custom’s union, with the abolition of tariffs, quotas and customs duties between the six Member States. In their stead, a common external tariff was envisaged for imports into the EEC, as well as the establishment of trade policy at the Community level. To realise a common market, the next step in economic integration, the free movement of goods, people, services and capital was planned. This single economic area was supposed to

ensure free competition between companies and to prevent governments from implementing market-distorting subsidies. Alignment of the Member States' economic policies was foreseen.

Milestones of Social Europe #1 **European Social Fund:**

Introduced with the EEC in 1957 the Fund is the EU's main instrument for promoting employment and social inclusion with the task of contributing to cohesion policy and reducing disparities between Member States and regions. A budget of 99.3 billion euros has been allocated for the period 2021–2027 as top-up payments to fund projects in the Member States. It was renamed the ESF+ in 2020 with the integration of the FEAD and the YEI.

Little room was left for social affairs, even though economic progress was paired with social progress. The preamble of the Treaties of Rome establishing the EEC mentions the objective of ensuring 'economic and social progress', with 'the essential purpose of constantly improving living and working conditions'. The target group of the first European social regulations were workers, not European citizens overall. The idea was that workers could take advantage of the Single Market by working in another country of the EEC without suffering hindrances when crossing borders. The principles of free movement and non-discrimination towards workers in the country of employment (Art. 48 TEC) were enhanced by provisions on:

- a) the coordination of national social security systems with the aim of collecting and calculating entitlements and benefits for the period worked abroad (Art. 51 TEC);
- b) the improvement of working conditions (Art. 118 TEC);
- c) the requirement of equal pay for men and women (Art. 119 TEC);
- d) and the establishment of the ESF with the aim of improving employment opportunities, and workers' geographical and occupational mobility (Art. 123–128 TEC).

‘Member States hereby agree upon the necessity to promote improvement of the living and working conditions of labour so as to permit the equalisation of such conditions in an upward direction.’

Article 117, TEC

At the time the prevailing conviction was that basic social collaboration between the Member States would be sufficient, because economic convergence with the Single Market would itself give birth to the necessary welfare benefits. This is why the ambitions set out in the Treaties establishing the EEC have been only partially reinforced with concrete instruments. Most fully realised have been the social security coordination of workers’ mobility, the distributive role of the EEC as a co-financer of employment policies via the ESF, launched in 1962, and the equal pay provision. The latter found its way into the Treaty because of the French government’s concern that it might suffer a competitive disadvantage in the common market vis-à-vis the other Member States because equal pay for men and women already existed in France. That means that even this provision, which was extended decades later to encompass far-reaching EU anti-discrimination rules, was integrated into the Treaties with an economic rationale.

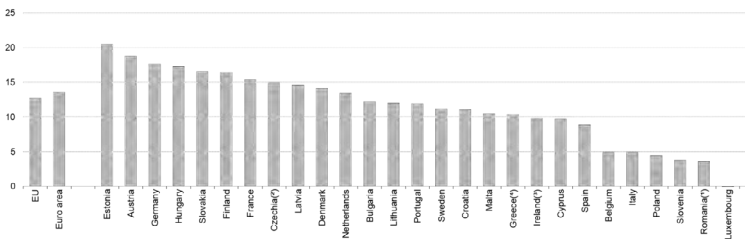


Fig. 9: The unadjusted gender pay gap, 2021. Source: Eurostat. Shown is the difference between average gross hourly earnings of male and female employees as % of gross earnings. Footnotes see p. 142.

Stage 2 (1972–1989): implementing labour law and occupational safety

Social progress was made in the EEC with the completion of the customs union in 1968, the planned steps towards the common market and the project of a monetary union. The prevailing ‘Keynesian’ economic paradigm and its solutions to the problems arising as the post-war boom started to peter out helped to upload social issues from national political arenas to the European level. At a meeting of the heads of state and government of the then nine Member States in Paris in 1972, social progress was deemed necessary to further deepen economic integration.

‘Economic expansion is not an end in itself. Its first aim should be to enable disparities in living conditions to be reduced. It must take place with the participation of all the social partners. It should result in an improvement in the quality of life as well as in standards of living.’

Statement of the Member States from the Paris summit, 19/20 October 1972

The summit concluded the preparations for the Community’s first Social Action Programme, which was adopted by the Council in January 1974. It contained more than 30 measures to be implemented over four years and aimed at three main objectives: (i) full and better employment, (ii) improvement of living and working conditions, and (iii) participation of the social partners. This enabled the implementation of common legislation to improve working conditions throughout the Community. It included the first steps towards establishing European labour law and labour protection by directives on collective redundancies (1975) and dismissal protection (1977), a whole series of directives regarding health and safety at work, and the first directives on implementation of the Treaty provision on the equal treatment of men and women in employment. Of even more importance was the symbolic success of the Social Action Programme. It was the Member States’ first admission of supranational responsibility for work-related matters. Employment-related Euro-

pean social policy was thus born in the 1970s, but the basis of the following legislation was still the negative integration mode of market enhancement.

‘The Council of the European Communities, [...] considers that the Community social policy has an individual role to play and should make an essential contribution [...] by means of Community measures or the definition by the Community of objectives for national social policies, without, however, seeking a standard solution to all social problems or attempting to transfer to Community level any responsibilities which are assumed more effectively at other levels’

Council resolution of 21 January 1974 concerning a Social Action Programme

The Member States expressed concerns about losing regulatory autonomy and control regarding social policy already in their resolution on the Social Action Programme. The controversy about the scope and level of supranational regulation and the application of the principle of subsidiarity was not confined to social policy but affected many kinds of policies. Economic stagnation and high levels of unemployment led governments to shift to national strategies. Unanimity was required in the Council when it came to social policy. This was hard to achieve in times of economically hardship in a socioeconomically more diverse Community after two accession rounds in the 1970s and 1980s. The shift from Keynesian market management to neoclassical dogma on ‘market self-regulation’ created even more discord among the Member States.

After a period of stagnation as regards both initial plans to implement the next stage of economic integration and continuing to promote social progress, it was the Single European Act (SEA) adopted in 1986 and entering into force in 1987 which restarted the economic integration process. The goal of implementing the Single Market by 1992 through the extension of qualified majority voting also touched on social issues. The new Article 118a TEC abolished the unanimity requirement for occupational health and safety with the objective

of harmonisation in this specific policy field, with gradual minimum standards decided in the Council by qualified majority voting. Even this was a clear change of path compared with the provisions in the Treaties of Rome establishing the EEC, as it was valid only for this special policy area.

Milestones of Social Europe #2 **Improvement of living and working conditions:**

This expression was already used in the Rome Treaties establishing the EEC in 1957 to mark the improvement and convergence of cross-border European employment. Today it makes up a major part of EU social policy legislation, including parental leave, collective bargaining rights, health and safety at the workplace and other regulations.

Beyond that, the SEA prominently mentioned the development of social dialogue at European level as a desirable goal, holding out the prospect of agreements between employers' and employees' organisations (Art. 118b TEC). The SEA introduced Title V on 'Economic and social cohesion', which explicitly described the Community's aim of reducing disparities and helping the least-favoured regions to catch up with the support of the ESF and other structural funds. This was not nothing, but supranational social policy was developed only gradually compared with the envisaged finalisation of the common market.

Stage 3 (1989–1997): initiating social dialogue and majority voting

The Delors Commission actively pushed for more Social Europe, reacting to the fears of trade unions and other social policy actors that the market-enhancing character of the 1992 project would subvert the European Community's social perspective. In a working paper published in 1988, the Commission demanded a social dimension for the Single Market. On this basis a proposal for a Community charter on social rights was prepared, with several drafts published by the

European Parliament, the ETUC and the Commission. Inspired by the Social Charter adopted by the Council of Europe in 1961, eleven Member States finally agreed on the Community Charter of the Fundamental Social Rights of Workers by common declaration in December 1989. The British Conservative government under Prime Minister Margaret Thatcher, however, refused to sign the Charter.

'The single market would be pointless if the standard of living and of social protection attained by the average European were called into question. Indeed, its justification in economic and political terms is to be found in increased social progress and in advantages which it offers to all citizens of the Community [...].'

Commission Working Paper: Social Dimension of the Internal Market, 14 September 1988

The Charter was focused on workers, not citizens as a whole and it was non-binding. With the Social Action Programme that followed immediately, the Commission proposed initiatives in 13 policy areas, including equal treatment for men and women, health protection and safety at the workplace, freedom of association and collective bargaining. The Charter helped to bring about progress in the juridification and improvement of working conditions and shaped European industrial relations policies. It laid the foundation for what, less than three years later, became the biggest leap in European social integration to date. In 1992 the Maastricht Treaty was signed. It signified the biggest overhaul of the existing Treaties of the Community and established the new Treaty on the European Union (TEU). When it entered into force in 1993, the EU embarked for new shores with plans for a common Foreign and Security Policy (CFSP) and a cooperation framework for Justice and Home Affairs policies (JHA). European citizenship was introduced as complementary to national citizenships, and the European Parliament gained new legislative powers, changing cooperation into a co-decision procedure with the Council. But still the centre of the planned projects was a three-stage plan to implement an Economic and Monetary Union (EMU).

Milestones of Social Europe #3 **Information and consultation:**

Framework for the obligatory information of employees' representatives in EU companies by employers and to consult them to exchange views and establish a dialogue between the two sides. Formally implemented by a directive in 2002, but part of the EU's social objectives since the Social Action Programme 1974. Treaty provision in Art. 153 (1e) TFEU with numerous items of legislation.

The discussions around the Commission plan (the 'Delors Report') to establish EMU, published in 1989, triggered further debates about EU competences in employment and social policies beyond a social dimension for the Single Market. The TEC was slightly modified with the integration of further competences for the ESF, a new chapter on education, training and young people (Art. 126 and 127 TEC), and another on public health (Article 129 TEC). All was decided by qualified majority in the Council and with European Parliament participation. Social protection was also added as an explicit Community objective (Art. 2 TEC). Eleven Member States were willing to go a step further and wanted to integrate a social policy chapter into the EU Treaty, but the British Conservative government under Prime Minister John Major vetoed the plan, following the line of his predecessor Thatcher. A workaround was found with a Protocol on Social Policy, annexed to the Treaty, and signed only by eleven Member States without the United Kingdom. With this protocol the establishment of an independent European social policy gained momentum, by no means only an addendum to economic integration. For the eleven Member States, qualified majority voting in the Council as part of the cooperation procedure with the involvement of the European Parliament was extended from occupational health and safety (in force for all 12 Member States since the SEA) to the policy fields of working conditions, workers' information and consultation, equal opportunities for men and women, and the integration of people excluded from the labour market. In these areas minimum employment standards have been made pos-

sible by directives without achieving unanimity, which meant harmonisation was more likely. This was facilitated by another novelty in the protocol strengthening social dialogue at supranational level by implementing an obligatory consultation of employers' organisations and trade union confederations prior to all social policy initiatives by the Commission. Furthermore, social partners were authorised to reach independent agreements within the framework of the Treaties' competences, which could be either turned into formal EU legislation by the Council or be implemented by the respective social partner associations in the Member States.

Milestones of Social Europe #4 European Social Dialogue:

Institutionalised dialogue between trade unions and employers' associations at supranational level (Art. 154 TFEU) enshrined in the SEA in 1986, concretised and enhanced by the Maastricht Treaty in 1992, obliging the Commission to consult the social partners prior to taking action in the field of social policy and giving them the option of concluding their own agreements.

Not surprisingly, the years after Maastricht and its social protocol saw some important directives on: maternity leave (1992), maximum working time (1993), introduction of European Works Councils (1994, see Fig. 10, p. 73), parental leave (1996), part-time work (1997), posting of workers (1996), and gender discrimination (1997). Industrial relations at the supranational level have been developed and used for framework agreements implemented by the Council in the case of parental leave and part-time work.

Criticisms were raised against the Social Protocol for its exclusion of all aspects of social security from qualified majority voting, and for the explicit exclusion from any kind of harmonisation of wage policies, the right of association, the right to strike or the right to impose lock-outs. Soon after the Treaty entered into force, the Delors Commission published a white paper on European social policy, ar-

guing for a more active EU role in maintaining and developing social protection, balanced with the deepening of economic integration, but at the same time respecting national diversity.

'The future development of the Union needs to build on the richness of its diversity, which adds to the quality of life and to the vigour of socio-economic systems in the face of new and unforeseen challenges. This diversity means that total harmonisation of social policies is not an objective of the Union. However, the convergence of goals and policies over a period of time by fixing common objectives is vital, since it will permit the co-existence of different national systems and enable them to progress in harmony towards the fundamental objectives of the Union'

European Commission: White Paper on European Social Policy –
A way forward for the Union, 27.07.1994, p. 5

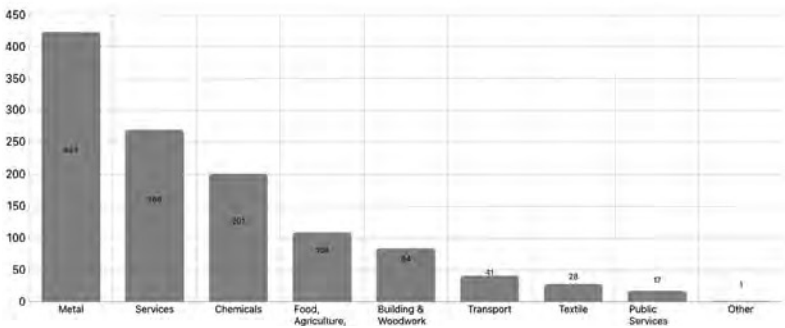


Fig. 10: European Works Councils currently active, by sector of activity, 2021.
Source: ETUI.

Stage 4 (1997–2010): embarking on the policy coordination track

The Amsterdam Treaty was signed in 1997 and entered into force in 1999. Its main aim was to prepare the Union for eastern enlargement. This was only partly successful. The main institutional reform was the enhancement of the European Parliament's competences as co-legislator with the Council for nearly all areas in which the latter takes decisions by qualified majority voting. Regarding social policy, co-decision was extended to the ESF regulations and to social security for migrant workers. Most importantly, the newly elected centre-left British government under Prime Minister Tony Blair ratified the Maastricht Social Protocol, which was then integrated into the Treaty. The new social chapter (Articles 136–150 TEC) referred to the European Social Charter of the Council of Europe of 1961 and the Charter of the Fundamental Social Rights of Workers of 1989. Article 136 listed the objectives of the latter, although the Charter itself was not integrated in the Treaty.

Milestones of Social Europe #5 Gender and antidiscrimination rights:

The first steps were made with the Treaties of Rome establishing the equal pay principle between men and women (today: Article 157 TFEU), but it took until the 1970s for the EC to develop a legislative framework for gender equality, under pressure from a series of ECJ decisions. Since the Amsterdam Treaty and successive directives based on today's Articles 8, 10, 18 and 19 TFEU, the EU prohibits any discrimination on grounds such as sex, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation.

Qualified majority voting has been extended in the Council to measures promoting equal opportunities and equal treatment of men and women in the workplace, and there is co-decision-making with the Parliament (Article 141 TEC). Anti-discrimination is referenced

prominently in Article 2 TEU, mentioning equality between men and women as a task of the Union, and in Article 13 TEU, establishing non-discrimination policy – albeit by unanimity in the Council – with reference to sex, ethnicity, religion, disability, age and sexual orientation. This broader field of EU anti-discrimination policy clearly pointed beyond the tight framework of workplace and employment issues. Two directives on equal treatment in employment and occupation, as well as between persons irrespective of racial or ethnic origin followed these provisions in 2000.

The Nice Treaty, signed in 2001 and entering into force in 2003, dealt mainly with what was left over from the Amsterdam Treaty regarding the necessary EU institutional reform prior to the enlargement by ten new Member States scheduled for 2004. Article 137 TEC enlarged the list of shared social competences with the fight against social exclusion, mentioned first as a Union objective in the Amsterdam Treaty, and the modernisation of social security systems, with reference to policy coordination (see below). Social policy fields still subject to unanimity could now be transferred to co-decision mode with qualified majority voting if the Council unanimously agrees. Furthermore, the Social Protection Committee (SPC) was established (Article 144 TEC). The intergovernmental conference leading to Nice proclaimed the Charter of Fundamental Rights of the European Union in December 2000, drafted by a convention and entailing social rights, but without giving it a legal character as part of the Treaties.

In Amsterdam, a new chapter on Employment (Articles 125–130 TEC) was added, regarding employment as ‘a matter of common concern’, therewith establishing employment policy as a supranational competence (see Fig. 11, p. 77). Coordination of national employment policies was foreseen along the lines of the annual EU employment policy guidelines in a common ‘employment strategy’, with mutual reporting by Member States on one hand and Commission and Council on the other. The Employment Committee (EMCO) was also established. The Amsterdam Treaty thus integrated employment policy coordination efforts, which had started as early as 1994 following the coordination of employment policies

implemented by the Maastricht Treaty (Art. 102a–104c TEC), and budgetary coordination for EMU with the Stability and Growth Pact, concluded in 1997. The turn towards employment reflected labour market concerns in many EU Member States, not to mention widespread supply side dogma concerning ‘human capital optimisation’ and the promotion of a new balance of social rights and duties by means of ‘flexicurity’. Employability, labour market flexibilisation, training and retraining, wage moderation and a focus on specific target groups – such as the long-time unemployed, older employees, women and young people – were brought to the fore. This was mirrored in a new Social Action Programme announced by the Commission in 1998, proposing action under the three headings: (i) ‘Jobs, skills and mobility’; (ii) ‘The changing world of work’; and (iii) ‘An inclusive society’.

‘The adoption of the Treaty of Amsterdam has provided a platform for the strengthening of social policy by introducing a new employment title to complement EMU, new provisions on equal opportunities, exclusion, anti-discrimination and public health, and by incorporating the Agreement on Social Policy, which gives a key role to the social partners. [...] Employment is central to fulfilling this vision, because it is a Europe at work that will sustain the core values of the European social model.’

Commission: Social Action Programme 1998–2000, COM (98) 259 final, 29 April 1998, p. 3

The coordination of the Broad Economic Policy Guidelines, the SGP and the European Employment Strategy (EES) were the starting point for further economic, employment and social coordination, as they were in 1999 in the Macroeconomic Dialogue and from 2000 onwards in the area of social inclusion and social protection as part of the decennial growth plan known as the Lisbon Strategy. This Strategy, conceived and prepared for adoption by Portuguese economist and Minister of Employment Maria João Rodrigues, was designed to combine both European economic competitiveness in a globalised world and internal EU social coherence and progress. As

the Member States were not willing to hand over more sovereignty to Brussels, however, the Lisbon Strategy implemented the Open Method of Coordination (OMC) as a tool of soft governance at the Lisbon European Council meeting in March 2000.

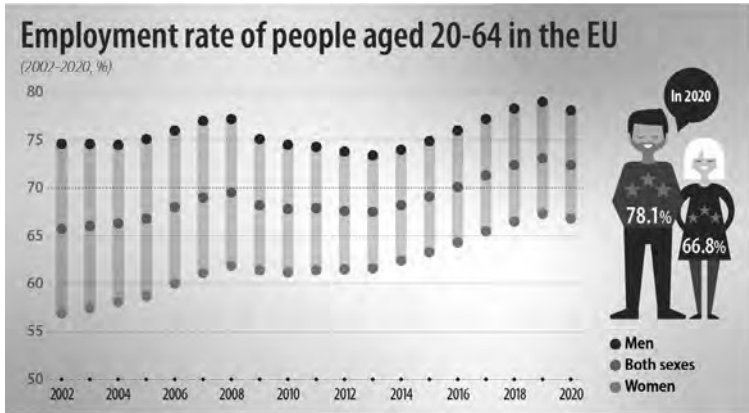


Fig. 11: EU employment rate over time, 2002-2020. Source: Eurostat.

The priority in the first decade of the new century was the development of social policy coordination mechanisms. A formal OMC mechanism was gradually established for social inclusion from 2001, for pensions from 2002 and for health and long-term care from 2006. Taken together this became known as the Social OMC. The rapidly growing weight of social policy coordination despite only minor progress in EU social policy regulation was both an attempt to find a way out of the joint-decision trap, and a response to spillover processes arising from the pressure exerted by budgetary coordination within EMU on Member States' social budgets. The primary objective of institutionalising these mechanisms in the 2000s was to achieve a balance between social policy objectives and existing economic and employment policy coordination at supranational level.

'The way forward

The Union has today set itself a new strategic goal for the next decade: to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion. Achieving this goal requires an overall strategy aimed at:

- preparing the transition to a knowledge-based economy and society by better policies for the information society and R&D, as well as by stepping up the process of structural reform for competitiveness and innovation and by completing the internal market;

- modernising the European social model, investing in people and combating social exclusion;

- sustaining the healthy economic outlook and favourable growth prospects by applying an appropriate macro-economic policy mix.

This strategy is designed to enable the Union to regain the conditions for full employment, and to strengthen regional cohesion in the European Union. The European Council needs to set a goal for full employment in Europe in an emerging new society which is more adapted to the personal choices of women and men. If the measures set out below are implemented against a sound macro-economic background, an average economic growth rate of around 3% should be a realistic prospect for the coming years.

Implementing this strategy will be achieved by improving the existing processes, introducing a new open method of coordination at all levels, coupled with a stronger guiding and coordinating role for the European Council to ensure more coherent strategic direction and effective monitoring of progress. A meeting of the European Council to be held every Spring will define the relevant mandates and ensure that they are followed up.'

Extract from the Lisbon Strategy as concluded by the European Council, 23/24 March 2000

Although the Constitutional Treaty, produced by a Convention led by former French president Valéry Giscard d'Éstaing, foundered in referendums in France and the Netherlands in 2005, the Lisbon Treaty (signed in 2007) was able to retrieve parts of it. It reformed the existing Treaties and renamed the TEC the Treaty on the Functioning of the European Union (TFEU). Qualified majority voting in the Council was further enhanced, and the rights of the European Parliament were strengthened by means of co-decision-making in the ordinary legislative procedure. The European Council was equipped with a permanent president and the Council voting system was simplified for the then 27 Member States. The Charter of Fundamental Rights of the EU (see Fig. 12, p.p. 80) was not integrated but at least referenced and given legal parity (Art. 6 TEU) in the Treaty of Lisbon, which entered into force in 2009 (with exceptions with regard to the Charter's legal effect for the United Kingdom, Poland and the Czech Republic). Social affairs were promoted mainly by reformulating the Union's social objectives in Article 3 TEU, including social progress and full employment, social justice and protection, social cohesion and solidarity. With Article 9 TFEU a horizontal social clause was introduced, requiring consideration of the Union's social objectives in all policies. However, the Treaty reform failed to resolve the heated debate on the supremacy of market freedoms over welfare state social and industrial policies, as revealed in the four ECJ rulings *Viking*, *Laval*, *Rüffert* and *Luxembourg* in the years 2007 to 2009, with a focus on posted workers.

Milestones of Social Europe #6 **Open Method of Coordination:**

Soft law governance procedure in the EU involving the establishment of common objectives to be transposed into national reform plans and monitored by Commission and Council. Mutual exchange based on reports and peer pressure should promote learning effects. It was launched in 1994 with the European Employment Strategy (EES) and formalised in 2000 by the Lisbon Strategy for other social policies.

Regarding working conditions and workers' rights, the social partners reached agreement on fixed-term work, which was implemented as a Council directive in 1999. Other important directives established a general framework for informing and consulting employees (2002), asserting special employee rights in takeover bids (2004), the protection of employees in the event of the insolvency of their employer (2008), and on information and consultation rights in Community-scale companies (2009). In distributive social policy, a European Globalisation Adjustment Fund (EGF) was introduced with a regulation in 2006 to support workers made redundant by structural changes due to the relocation of company production sites.

Social aspects in the Charter of Fundamental Rights of the European Union	
Title III Equality	Title IV Solidarity
Article 20 Equality before the law	Article 27 Workers' right to information and consultation within the undertaking
Article 21 Non-discrimination	Article 28 Right of collective bargaining and action
Article 22 Cultural, religious and linguistic diversity	Article 29 Right of access to placement services
Article 23 Equality between women and men	Article 30 Protection in the event of unjustified dismissal
Article 24 The rights of the child	Article 31 Fair and just working conditions
Article 25 The rights of the elderly	Article 32 Prohibition of child labour and protection of young people at work
Article 26 Integration of persons with disabilities	Article 33 Family and professional life
	Article 34 Social security and social assistance
	Article 35 Health care
	Article 36 Access to services of general economic interest
	Article 37 Environmental protection
	Article 38 Consumer protection

Fig. 12: Charter of Fundamental Rights of the European Union article headings on social aspects.

However, social progress in terms of EU regulatory policies slowed down in the Treaties of Amsterdam, Nice and Lisbon. More decisive now was policy coordination, centred around the Lisbon Strategy, and finally incorporated in the Treaties: Article 5 TFEU mentions the obligatory coordination of economic and employment policies, as well as the possibility of EU initiatives to coordinate Member State social policies. These initiatives are made explicit in Article 156 TFEU by ‘the establishment of guidelines and indicators, the organisation of exchange of best practice, and the preparation of the necessary elements for periodic monitoring and evaluation’.

Stage 5 (2010–today): torn between austerity and collective solidarity

With its aim of coupling economic growth and competition, full employment and social cohesion, the Lisbon Strategy tried to revive the idea of a balance of economic and social progress discussed in the early 1990s. But it soon became clear that Member States would be much more eager to pursue objectives in an open coordination setting if subject to additional hierarchical and legal pressures, such as the binding use of instruments, obligatory procedures, or the threat of sanctions. This was the case in the coordination of budgetary policies, whereas employment and social policy coordination was looser and more reliant on voluntary learning and peer pressure. It came as no surprise that the mid-term evaluation of the Lisbon Strategy in 2005 was pessimistic about the prospect of meeting the set objectives by 2010. As neoliberal globalisation was still in full cry a revision of the strategy streamlined objectives by emphasising competitiveness.

Social objectives formed part of the subsequent Europe 2020 Strategy, starting in 2010 with the three priorities of smart, sustainable and inclusive growth, albeit to a very limited degree. Besides economic, environmental and education targets, rates of employment and of people at-risk-of-poverty-or-exclusion were supposed to be

improved by 2010. The Social OMC formed part of the new strategy but lost its former importance because of its integration in the European Semester. This functioned from 2011 onwards as the new coordination tool for all kinds of socioeconomic policy. With the global financial and economic crisis from 2007 to 2009 and the subsequent Euro crisis from 2010 to 2015 coordination priorities shifted further towards budgetary policies and growth-friendly structural reforms. In the European Semester and the management of the Euro crisis the economic objectives soon overwhelmed other targets, leaving behind social progress as a central goal. In 2020, the EU27 employment rate stood at 71.7 per cent instead of the planned 75 per cent. And the EU managed to bring no more than 10 million people out of being at risk of poverty or social exclusion as against the targeted 20 million, even though a new European Platform against poverty and social exclusion had been set up as a Europe 2020 flagship initiative. The employment rate stalled for a long time during the Euro crises, while the risk of poverty or social exclusion increased significantly.

'A new European strategy for jobs and growth

The European Council today has finalised the European Union's new strategy for jobs and smart, sustainable and inclusive growth. The strategy will help Europe recover from the crisis and come out stronger, both internally and at the international level, by boosting competitiveness, productivity, growth potential, social cohesion and economic convergence. The new strategy responds to the challenge of reorienting policies away from crisis management towards the introduction of medium- to longer-term reforms that promote growth and employment and ensure the sustainability of public finances, inter alia through the reform of pension systems. Member States are determined to ensure fiscal sustainability and achieve budgetary targets without delay. They will continue to adopt a differentiated speed in fiscal consolidation taking both fiscal and non-fiscal risks into account.'

Extract of the Conclusions of the European Council, 17 June 2010

During the Euro crisis, austerity policy supplanted the demand-orientated crisis management of the global financial and economic crisis. EMU's problems were systematic: macroeconomic divergences between the Member States grew from the start in 1999 as a result of the different economic cycles and policy recipes. In the absence of a common fiscal policy, which was left in the hands of national capitals, the Maastricht design of EMU overstrained monetary policy and undermined the belief that asymmetric shocks would diminish as economic convergence progressed. For the ECB, balancing diverging unit labour costs, inflation rates and current account balances was impossible with a single interest rate for all Eurozone Member States. But when Greece became the first country to go into crisis because of its liquidity problems due to the difficulty of capital market refinancing, the opportunity was not taken to equip the EMU rulebook with missing fiscal policy coordination tools. Instead, the Union embarked on a somewhat strange path to 'make an example' of Greece as a budgetary-stability basket case. Harsh austerity conditions were imposed to curtail public spending, to privatise and deregulate markets, as well as to regain competitiveness by lowering wages and production costs as a condition for obtaining bailout loans. The infamous 'Troika', comprising the European Commission, the ECB and the International Monetary Fund (IMF), was sent to Athens to watch over macroeconomic adjustment and austerity policies were imposed strictly. Sadly, this approach to combating a sovereign debt crisis, vigorously pushed by the German government, was not at all suitable for circumstances in Ireland, Portugal, Cyprus and Spain, which were soon mired in crisis and were compelled to follow a similar austerity regime.

Several reforms strengthened the SGP, a Fiscal Compact forced EMU Member States to implement debt brakes at constitutional level, a Euro-Plus Pact fostered economic competitiveness with advice on making labour markets and wage building mechanisms more flexible, and cutting social spending, while the European Semester clearly prioritised budgetary consolidation in its first cycles. Consolidation during an economic downturn was a procyclical response that exacerbated the economic crisis. Both private and public investment and

consumption declined, collective bargaining was eroded, and minimum wages, pensions and other social benefits were cut. The social consequences were devastating, as reflected in unprecedentedly high levels of unemployment and rising risks of poverty or social exclusion. Young people were particularly hard hit (see Fig. 13, p. 84), as between 2012 and 2014 youth unemployment rose above 50 per cent in Greece and Spain. Social progress clearly fell by the wayside and social and territorial convergence in the EU, which had been going fairly well, flipped into an entrenched divergence between north-western and south-eastern groups of states, in the course of which the southern European countries in particular very rapidly lost much of the socio-economic ground they had gained since accession.

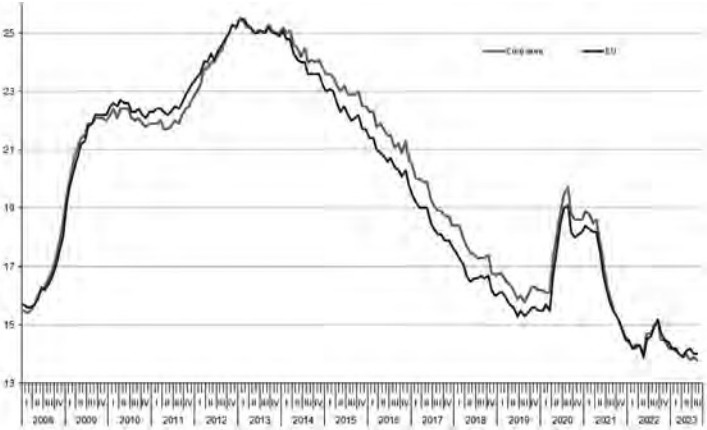


Fig. 13: EU and Eurozone youth unemployment rates over time in % of the labour force of the same age (seasonally adjusted), 2008–2023. Source: Eurostat.

There has been no lack of alternative plans. From early on, the Commission in particular developed reform roadmaps that went far beyond focusing singularly on budget stability. With the exception of the 2011 Macroeconomic Imbalance Procedure (MIP) and the unpopular (because of its sanction capacities) European Stability Mechanism (ESM)

introduced in 2012, however, not to mention the as yet incomplete Banking Union, agreed on in 2014, none of the mooted instruments of deeper fiscal integration, such as Eurobonds, European unemployment insurance, or a Community fiscal capacity, have been realised. The same is true with regard to the social dimension of crisis management. Socialist parties and trade unions all over Europe campaigned in an effort to raise public awareness of the social consequences of Euro crisis economic adjustment measures. Then French President Socialist François Hollande actively addressed the social devastation in the southern European countries and in 2012 convinced his EU partners to include a social dimension in the EMU reform talks. The ‘Youth Guarantee’, a programme to bring young unemployed quickly back into work, education or training, was implemented in 2013. In 2014 the Fund for European Aid for the Most Deprived (FEAD) was set up to provide food and/or basic material assistance for people in need. Both initiatives helped to counter acute social problems, but they by no means constituted a systemic approach to reinforce social progress and to increase decommodification.

‘There is scope to strengthen the social dimension of EMU by better coordinating and monitoring employment and social policies and developments as part of the European Semester process, mobilising and targeting action and funds to better address social distress, removing the barriers to cross-border labour mobility within the EU and boosting the role of social dialogue.’

European Commission: Strengthening the Social Dimension of the Economic and Monetary Union, COM(2013) 690 final, 2.10.2013, p. 14

László Andor, Commissioner for Employment and Social Affairs in the Barroso Commission between 2009 and 2014, helped to integrate employment indicators in the MIP scoreboard, launched a new Social Protection Performance Monitor (SPPM) with a set of 20 indicators related to poverty and social exclusion in 2012, and proposed the nucleus of a social scoreboard with five headline indicators focusing on employment and social trends (unemployment

rate, NEET rate, real GDIH, AROPE, S80/S20) in 2013. The underlying idea was to supplement the lopsided European Semester economic policy governance process and Euro crisis management with social indicators in an effort to attain a better balance in Country-Specific Recommendations (CSR). The problem this sought to address was the lack of consequences if a country in EMU allowed social imbalances to get out of hand, while the enforcement of SGP deficit and debt rules was strengthened, among other things by the new reverse qualified majority voting in ECOFIN Council.

Nevertheless, the integration of more social indicators helped to ‘socialise’ – as some scholars later put it – the European Semester, enabling more detailed discussion in the Joint Employment Report and new references to social deficits and challenges in the country reports and the Country-Specific Recommendations. The SPC, DG EMPL, the Parliament’s Employment and Social Affairs Committee and EPSCO became increasingly more likely to have their views included in the European Semester process, challenging the dominance of economic actors. Having said that, the priority given to

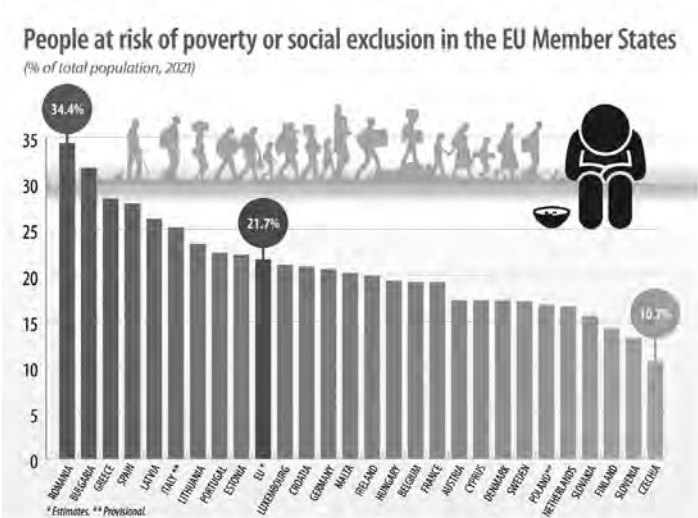


Fig. 14: Level of people at risk of poverty or social exclusion % of total population in EU Member States 2021. Source: Eurostat.

budgetary and economic over employment and social policies did not change within the framework of policy coordination, because of the reinforced statutory anchoring of budgetary and economic rules. Under the European Semester social policies were viewed through an economic lens. They had a role, but rather as a cost factor that supposedly hindered consolidation and competitiveness.

But growing social unrest (see Fig. 14, p. 86) made its way onto the political agenda. It fuelled the rise of far left positions and parties in some southern European crisis countries, while boosting seemingly continent-wide the popularity of hitherto overlooked far right populists or extreme and hostile views on European integration. This included the misguided, but apparently seductive idea of organising social policy only on a national basis in an archaic expression of ethnic affiliation. This welfare chauvinism was stoked by the migration crisis in 2015, but the European social question already played a role in the European elections in 2014. In his inaugural speech as president of the Commission from 2014 to 2019, Jean-Claude Juncker acknowledged the importance of the forgotten social dimension in the economic crisis, announcing: 'I would like a Europe with a social "triple A" rating. A social triple-A is just as important as an economic and financial triple-A.' The Juncker Commission changed the course of the Euro crisis substantially by making the application of the SGP more flexible in 2015. The following year the Commission presented its first draft of a 'European Pillar of Social Rights' (EPSR), launching a one-year consultation process, leading finally to the interinstitutional proclamation of the EPSR at the Gothenburg Social Summit in November 2017.

The EPSR comprises three chapters: 'Equal opportunities and access to the labour market', 'Fair working conditions' and 'Social protection and social inclusion'. It sets out a total of 20 principles that address, among other things, social benefits, working conditions, educational opportunities, and inclusion policies, promoting or requiring the adequate provision of access, quality and/or coverage. Despite the legal rights language in its 20 principles, the Pillar is neither part of the Treaties nor legally binding. It summarises parts of the Union's social *acquis* (such as on gender equality and anti-dis-

crimination), but goes far beyond this, addressing matters currently the sole responsibility of the Member States (such as education, wages or pension policies). The preamble of the EPSR refers to the milestones of the EU social *acquis*, including the relevant Treaty articles, the Community Charter of Fundamental Rights of Workers of 1989 and the Charter of Fundamental Rights of the European Union of 2000. But it also states unequivocally: ‘As far as the Union level is concerned, the European Pillar of Social Rights does not entail any extension of the powers and tasks of the Union as laid down in the Treaties. It should be implemented within the limits of those powers.’ Since its proclamation, the EPSR and its 20 principles have functioned as a reference point in all EU legislation focusing on social affairs. Furthermore, its implementation is part of the EU’s distributive social policy through its incorporation as an objective in the funding period 2021 to 2027. But its principal application is via its integration in the European Semester as a policy coordination tool. This is not surprising given the status quo ante concerning the distribution of social policy competences in the EU. The EPSR was equipped with an enhanced Social Scoreboard, today comprising 17 headline indicators plus further secondary indicators that cover 18 of the pillar’s 20 principles, with a plan to constantly enhance them.

Milestones of Social Europe #7 European Pillar of Social Rights:

EU initiative containing 20 principles for social, employment, and educational progress, proclaimed in November 2017 without legal status, but used as a point of reference in EU legislation and especially in EU coordination policies. It is accompanied by a Social Scoreboard and since 2021 by an Action Plan, both tracking sets of social development indicators in the European Semester.

After its temporary disappearance Social Europe experienced a comeback after the Euro crisis. In 2018 the Parliament and the Council reached an agreement on a revision on the Posted Workers Directive of 1996, establishing the principle of ‘equal pay for equal work at the same place’. This means that workers posted to another EU

country are entitled to the same remuneration as local employees. This was an important step in resolving the problems arising from the predominance of market freedoms over welfare state provisions and collective agreements asserted by the ECJ in the 2000s. Furthermore, to help employers and employees alike make good use of the labour mobility rules and social security coordination in the internal market, a European Labour Authority (ELA) was set up by a regulation in 2019. The same year saw a directive on work–life balance for parents and carers, as well as one for transparent and predictable working conditions. The first had the aim of further enhancing equality between men and women, the second that of improving workers’ rights in precarious jobs. In 2022 another long-lasting discussion was converted into a directive on adequate minimum wages in the European Union, establishing a framework to ensure their adequacy and the conditions of their setting and updating, as well as the promotion of collective bargaining.

This more social course was expedited mainly by the Parliament, the Commission and the EESC. The onset of the Covid-19 pandemic in Europe in early 2020 strengthened it further. To contain the pandemic, it was necessary to coordinate health measures at the European level and to prevent unilateral border closures in an effort to guarantee the functioning of the internal market. Above all, however, the Community had to react to the economic consequences of lockdowns. Unthinkable in previous crises, the Council suspended the Stability and Growth Pact using the escape clause in March 2020 to allow Member States the necessary budgetary leeway for countermeasures. The NextGenerationEU (NGEU) package turned away from the course pursued during the Euro crisis of focusing on individual Member States’ responsibilities and prioritising austerity measures. This time, the EU took a completely new path. Raising capital on the financial markets with a long repayment period until 2058 makes it possible for the EU to provide a total of 750 billion euros in financial transfers and loans. The bulk of this will be allocated to Member States through the newly established Recovery and Resilience Facility (RRF), also based on socio-economic impact criteria. In the pandemic, the social consequences of the 2020 econom-

ic slump quickly became clear. A rise in unemployment was to be cushioned by introducing short-time working in the Member States. The short-term 'Support to mitigate unemployment risk in an emergency' (SURE) complements national short-time working measures with a total of 100 billion euros on a loan basis. Obvious social vulnerabilities afflicting many groups in European societies during the pandemic led to calls for the Member States to also consider employment, education, health and social policies in their Recovery and Resilience Plans (RRP).

'The European Pillar of Social Rights is a fundamental element of the recovery. Its implementation will strengthen the Union's drive towards a digital, green and fair transition and contribute to achieving upward social and economic convergence and addressing the demographic challenges. The social dimension, social dialogue and the active involvement of social partners have always been at the core of a highly competitive social market economy. Our commitment to unity and solidarity also means ensuring equal opportunities for all and that no one is left behind.

As established by the EU Strategic Agenda 2019-2024, we are determined to continue deepening the implementation of the European Pillar of Social Rights at EU and national level, with due regard for respective competences and the principles of subsidiarity and proportionality. The Action Plan presented by the Commission on 4 March 2021 provides useful guidance for the implementation of the European Pillar of Social Rights, including in the areas of employment, skills, health, and social protection.

We welcome the new EU headline targets on jobs, skills and poverty reduction and the revised Social Scoreboard proposed in the Action Plan that will help to monitor progress towards the implementation of the Social Pillar principles, taking into account different national circumstances, and as part of the policy coordination framework in the context of the European Semester.'

Extract from the Porto Declaration, 8 May 2021, European Council

This coupling of social objectives and financial support on a project basis had hitherto been used exclusively in the realm of cohesion policies and even there mainly through an economic filter. From the financing period from 2021 onwards the EU will apply conditionalities more than ever before, but with broader criteria. Besides NGEU this is also reflected in the European Child Guarantee, only a recommendation to the Member States in 2021, but with a guideline to earmark financial resources from the ESF+ for Member States below as well as above the EU average on the at-risk-of-poverty or social exclusion indicator. At the Social Summit in Porto on 7 and 8 May 2021, the EU intensified its efforts to take the social dimension into account in the pandemic and at the same time to focus on the social challenges of ecological and digital transformation. The Commission is harnessing the EPSR to this end and has prioritised its implementation in an Action Plan. In Porto, the Member States agreed on quantitative targets up to 2030, which the Commission had pro-

Three ambitious EU targets by 2030

78%	60%	15 million
Employment	Training	Reducing poverty
at least 78% of the population aged 20 to 64 should be in employment by 2030	at least 60% of all adults should be participating in training every year by 2030	a reduction of at least 15 million in the number of people at risk of poverty or social exclusion

Where we stand

- The coronavirus crisis has put a halt on a six-year positive employment progress, with an employment rate of **72.4%** by the third quarter of 2020.
- By 2016, only **37%** of adults were participating in learning activities every year.
- Eurostat figures show that in 2021, over one in five people in the EU was at risk of poverty or social exclusion (**21.7%** of the population or 95.4 million people). Child poverty stood at **24.4%**.

Fig. 15: Table on the Porto Social Action Plan's quantitative targets.

Source: European Commission.

posed for three indicators in the areas of employment, training and poverty reduction (see Fig. 15, p. 91).

By strengthening the EPSR, the Commission is retrospectively raising the social dimension of EU crisis policy to a higher level, as the quantitative targets now complement those already in place in the areas of climate action and digitalisation for Member States' investment and reform plans under NGEU. Nicolas Schmit, the Commissioner for Jobs and Social Rights in the Von der Leyen Commission since 2019, has seized the opportunity provided by the crisis caused by the pandemic, with its particular social features, to realign existing instruments, reasserting the pairing of economic and social development in the EU. It remains to be seen whether some new secondary legislation, better distribution from the social funds, and European governance influenced by EPSR objectives will be successful without changes in primary legislation in the long run.

5 Challenges

Taking stock of what has been necessary to realise Social Europe, the deficiencies are obvious. Time and again, progress in European social policy has been bound to ever deeper economic integration. And repeatedly, economic crises, global risks and new challenges have made it obvious that the social framing of economic integration is not sufficiently developed. The lines of conflict identified in Chapter 2 make it difficult for a Social Europe to attain the scope and level needed to establish a better balance between economic and social objectives in the EU. The most important lines of conflict are between:

- (1) the pluralism of welfare pathways and the intention to create elements of a common European social policy;
- (2) Member States' demand to keep social policies in national sovereignty and the requirement of economic integration to enable more common social regulation;
- (3) fast-forward economic integration driven by constitutional specifications and their interpretation and only marginal steps forward in social integration;
- (4) neoliberal dogma on the 'free play' of the Single Market forces and freedoms and the 'Keynesian' approach aimed at actively correcting and shaping European markets;
- (5) social and spatial inequalities and disparities and insufficient political efforts at EU social and territorial cohesion, growing with each economic crisis.

These enduring lines of conflict in relation to Social Europe attracted special attention during the series of crises confronting the EU in recent times. The global financial and economic crisis in 2008/09 urged the EU to implement a coordinated response to rescue banking institutions and launch counter-cyclical policies. At the time, the social consequences of the crisis have been sidelined at the EU level. With the subsequent Euro crisis in 2010–2015 the EU had to develop rescue umbrellas for Member States suffering liquidity problems and

to reform EMU design. The conditionalities of macroeconomic adjustment programmes and the focus on budgetary policies aggravated the economic crisis and provoked a social backlash. Responses such as the Youth Guarantee schemes or the FEAD helped to tackle peaks of acute social problems. However, a systemic social approach found it difficult to break out along the chosen crisis management path. The migrant crisis in 2015/16 caused further trouble for European solidarity and competences. And the preparations for ‘Brexit’ in 2020 after the corresponding referendum in 2016 showed the vulnerability of ‘ever closer union’ rhetoric and led to worries that the UK government might pursue a social dumping strategy just outside the EU gates. Then in 2020 came the Covid-19 pandemic and its economic aftermath, in which the social consequences of lockdowns and other crisis management hit particular social groups hard. The EU’s NGEU project is unprecedented, involving a 750 billion euro recovery and resilience strategy, in which social objectives also play their part, enforced by the Porto declaration. Since 2022 Russia’s war of aggression against Ukraine has helped to close ranks in the CFSP, but energy and food price increases have brought new problems, which also require a social answer. To end Europe’s dependence on fossil energy plans for a sectoral change towards a climate-neutral economy have been accelerated, again opening up new social questions.

Social desiderata in the EU can be identified more clearly in extreme situations when the socioeconomic balance is interrupted or challenged. What are the most significant ‘construction sites’ of Social Europe today?

Bridging socioeconomic imbalances

Economic, social and territorial convergence are among the objectives to which the Community has committed itself since the beginning of integration. The promise that an ‘ever closer Union’ could be realised not only institutionally, but in a successive growing together of Member State economies, with the partial harmonisation of different welfare worlds and catch-up by peripheral regions today lies in pieces.

While there have been some positive examples of catch-up (for example, the cases of Ireland, Spain and Portugal), the movement towards pan-European prosperity is too slow and reversible. The risk of reversibility leading to divergence increases with each socioeconomic crisis. Such crises have been the EU's steady and undesired companion over the past 15 years. The main problem of persistent socioeconomic rifts between regions and Member States is manifold. Advantages and disadvantages in the common economic integration space are distributed unequally, leading to different priorities. Some Member States profit from lower social security provisions, others fear a levelling of their welfare state standards in the common market. This was already the core of the debate around social dumping at the time of the French and Dutch referendums on the Constitutional Treaty in 2005, and the subsequent ECJ judgments in *Laval*, *Viking*, *Rüffert* and *Luxembourg*. This is also relevant to debates on internal EU social tourism practised by mobile citizens from less developed countries in the rich Member States. If socioeconomic imbalances continue to grow in the EU, social, wage and tax dumping problems, not to mention exploitation, naturally become more probable.

At the same time divergent developments make it difficult to determine common political rules and objectives. The ten-year trial to revise the Posted Workers Directive speaks volumes in this respect. Difficulties finding adequate solutions to satisfy the needs of very different developed and developing countries and regions do not stop when answers are found to existing controversies, such as social dumping or social tourism. New challenges like the digital and green twin transformation of the economy and its social dimension are difficult to steer at supranational level, if perspectives on the matter differ in accordance with the different ways in which individual nations' industry, service sector and people are affected.

In times of continuing crisis insufficient socioeconomic convergence makes the Community and particularly EMU prone to asymmetric shocks. Prevention is hard. Monitoring of macroeconomic policies becomes tricky with uncertainty about the required degree of interference in Member States. The Euro crisis illustrated the difficulties faced by governments and societies seeking to understand the

socioeconomic situation of fellow Member States. One-size-fits-all governance based on numbers and thresholds, as experienced with the SGP, misses the point of European diversity. Even harder than trying to monitor and prevent asymmetries is therefore adequate crisis management, taking into consideration the individual situations and development of Member States. The lack of cross-country solidarity is a recurring problem in the EU, to be observed most recently in Euro crisis management, the migration crisis, positioning in the development of the pandemic response, and energy policies in the face of the Ukrainian war. Further, the absence of cross-regional solidarity has its roots in the vicious cycles of peripheral regions and the virtuous cycles of economically developed centres. Each amplifies the existing socioeconomic situation and produces a spatial and social dualism.

It is of the utmost importance that the EU renews its promise of convergence. While the EU's political rhetoric emphasises the common ground underpinning the Union, many citizens doubt they are indeed sitting in the same boat. A sense of differentiation, of being either a winner or a loser because of European integration, derives from something more than socioeconomic detail. In parallel with the cascade of crises of the past 15 years, xenophobic tendencies have been raised to political prominence in many Member States. It is high time to counterpose a European identity based on economic, social and territorial convergence. Giving the EU a new role as protective buffer against global challenges would entail a more active role for the EU in shaping structural change through regional development. The existing principle of interregional competition is not helpful in addressing the dual spatial and social disparities. Instead, the competition-oriented approach gives the advantage to metropolises and more socioeconomically developed countries. Equality of living conditions will be attained only by giving more prominence to social aspects as against the competition and growth paradigm of many EU policies and by accepting that the market needs to be counterbalanced with more active political intervention to ensure that the observed disparities are not consolidated. This would require:

- a renewed focus on cohesion rather than some sort of ‘internal competition’ of welfare models and regions in coordinative and distributive EU policies;
- the development of an integrated economic and social EU policy which takes full account of the social consequences of austerity policies before deciding to implement them; and
- further attempts to regulate a social framework by means of EU law to guarantee minimum standards, but also give Member States some leeway in implementation, as with the recent directive on adequate minimum wages.

Socially framing the twin transformation

Undoubtedly, the digitalisation as well as the decarbonisation of the economy will be protracted, comprehensive projects. As they are both relevant to every EU economy individually and have global dimension, supranational support and supervision of the twin transformation is crucial. The Juncker Commission launched a project to complete the Digital Single Market, and the von der Leyen Commission has proposed a policy programme entitled ‘The Digital Decade’, involving the formulation of digital rights and principles, as well as digital transformation targets up to 2030. The von der Leyen Commission has also promoted the fight against climate change with its Communication on a European Green Deal, developing towards a European Climate Law in 2021. This law commits the EU to reducing greenhouse gas emissions by at least 55 per cent by 2030 compared with 1990 levels, and to attaining climate neutrality by 2050. It enables a broad range of activities and measures. For example, the ‘Fit for 55’ proposals include reform of the EU Emissions Trading System, investments in environmentally friendly energy and technologies, stronger CO₂ emission standards, and a Carbon Border Adjustment Mechanism.

Financial resources have been provided for both transformation goals, from a variety of individual programmes, but most prominently out of the Just Transition Fund with an overall budget of 17.5 billion euros. The twin transformation is also part of the NGEU package: it is required that at least 40 per cent of all spending in the RRF shall

be earmarked for investments and reforms in each Member State's green transition, and at least 20 per cent in its digital transition. Accordingly, the MFF 2021 to 2027 formulates objectives for co-financing programmes on both transformation aims out of EU funds.

It is likely that the dual green and digital transformation will have a stronger effect on business and employment than the change from manufacturing-industry to service-sector dominance in economically developed countries. This will undoubtedly provoke new social conflicts. Key issues concerning the social costs of the twin transformation include:

- Which societal groups will lose their jobs due to the decarbonisation and digitalisation of the economy?
- How can labour reallocation be organised between 'old' and 'new' sectors of the economy?
- Is a generational and/or infrastructural conflict about to emerge regarding access to digital services and the knowledge or qualifications required to use them?
- Can good working conditions be maintained or newly implemented in emerging jobs in a green and digital economy?
- Who will pay the lion's share of the transformation costs at an individual level, specifically when decarbonisation increases the prices of energy and mobility?
- Will a fair balance be achieved on decarbonisation transition costs with regard to individual pollution?
- What is needed to prevent structural decline in EU regions and Member States struggling with the demands of the dual transformation?

The EU is aware of the distributional and social costs the twin transformation entails and recommends a fair and inclusive process that addresses social and cohesion challenges. However, it is not entirely clear how this noble objective could be achieved. The most concrete EU initiative to date is the planned establishment of a Social Climate Fund as a new tool for financially supporting people and businesses most impacted by the decarbonisation emission goals and those experiencing energy poverty. The fund shall consist of revenues from

the carbon price imposed on transport and heating, collecting up to 65 billion euros.

The dual transformation will shape the way we organise the economy for the foreseeable future, thereby determining the EU's ability to develop, steer and protect a particular European growth model in a competitive world. While the climate and digital targets are an unprecedented challenge for the European economy, the distributional component should not be underestimated, as it harbours the risk of provoking social unrest. Therefore, it is necessary

- to bundle the transformation challenges at supranational level to avoid unintentionally reinforcing the existing socioeconomic gaps between the Member States and between peripheral regions and economically developed centres;
- to take care that the monitoring of transformation in the European Semester does not supplement the existing asymmetry between economic and social objectives with another trade-off between green and digital goals on one hand, and social goals on the other;
- to ensure that Social Europe is a cornerstone of the future European growth model that will evolve through the twin transformation, representing an important part of ensuring EU strategic autonomy in globalisation.

Implementing social policy tools for economic crises

If there is one thing we must learn from the series of economic crises – or crises with economic impacts – that have befallen us over the past 15 years, it is better preparedness and targeted EU crisis management. The global financial and economic crisis and even more the subsequent Euro crisis have revealed how important the steady and comprehensive monitoring of macroeconomic indicators is to the early detection of possible imbalances and emerging shocks. Whereas the first attempts at a banking union made by France in the global crisis in 2008 were rejected by Germany and other Member States, the Euro

crisis forced the Union to implement common crisis instruments and institutions. Member States were only with difficulty persuaded to adopt institutionalised crisis management, as reflected in the long series of temporary rescue umbrellas for states in crisis, the establishment of the ESM and the numerous reports and roadmaps for EMU reform, with only reluctant agreement on the concepts proposed.

The institutionalisation of crisis management tools at the supranational level pertains to positive integration, which explains the Member States' reluctance based on fears of losing sovereignty. This fear is quickly transformed into selfishness, as national interests dominate and override attempts to find the best way out of the crisis for all parties. In the Euro crisis this sentiment gained ground in some northern Member States, notably in Germany, where there were recurring discussions about excluding crisis-hit states from EMU. Interestingly, while the idea of solidarity with southern European neighbours was strong in the German population and political sphere, it was not reflected in the austerity policies that came to be imposed. This national reflex was also evident in the 2015/16 migration crisis. Since then, Member States have struggled to reach a compromise on a strengthened EU asylum policy, involving mechanisms to enable the better distribution of socioeconomic burdens in the Union. At the time, it was particularly the Visegrád countries – Poland, the Czech Republic, Hungary and Slovakia – but also Austria that stood out, rejecting EU action or taking unilateral decisions to close their borders. The impulse to favour one's own citizens while causing damage to the Community was widespread in the initial days of the pandemic in early 2020 and it reappeared in talks on a strengthened European energy policy in response to Russia's war of aggression on Ukraine launched in 2022.

These examples show that despite the protracted development of economic integration a profound crisis is able to confound the cooperation and solidarity the EU has established over 70 years. But such national reflexes are often channelled and exaggerated by populist politicians and the media, supposedly based on popular discontent. This is where EU social policy could play a role. The usual distribution of competences in a Europe-wide economic crisis is as follows:

Member States react autonomously to different degrees up to the point at which they realise that the crisis needs a concerted European answer. After long negotiations a common crisis management tool is agreed on, but taking care of the consequences of its implementation is again left to the Member States. This approach constantly produces undesirable results, especially in the social sphere. The lack of a comprehensive European social policy on the same footing as economic integration is responsible for economic crisis solutions that neglect the social impact of crises and their management.

In accordance with the horizontal social clause in Article 9 TFEU all Union policies and actions must ‘take into account requirements linked to the promotion of a high level of employment, the guarantee of adequate social protection, the fight against social exclusion, and a high level of education, training, and protection of human health’. This commitment is extremely difficult to put into practice in the extraordinary circumstances of severe economic crisis. Its effective application lacks an EU toolbox with instruments not only to monitor social policy developments, but to react immediately to social disruption. In the wake of the pandemic the EU has responded to the economic crisis, with some social elements. The NGEU compels Member States to plan projects with social objectives in line with the principles of the EPSR, strengthened by the Porto Declaration and Action Plan with its three headline indicators. This social component of the RRF and SURE involves properly funded instruments for maintaining employment in a crisis and fostering social advance in difficult times. The temporary suspension of the SGP has also helped a lot to change the priority of budgetary over social objectives in the European Semester. This is the path that must be followed to prevent social disruption in the next economic crisis. To this end

- more indicators and thresholds are needed in the Social Scoreboard, especially for measuring decent work;
- SURE should be transformed from a temporary instrument into institutionalised European unemployment insurance, going beyond support for short-time working; and
- a social imbalance procedure should be implemented to detect deviations from social progress early and correct them.

Conclusions: On the way to a European Social Union?

'You cannot fall in love with the single market', Jacques Delors famously declared in 1989, when he was campaigning to level up Social Europe vis-à-vis economic integration. This remark has lost none of its pertinence. Of course, today the EU possesses an impressive set of regulatory, distributive and coordinative social policies, grown over decades. However, the European Social Model is difficult to discern at a supranational level. Social policy in the European Union – understood in a broad sense, also encompassing employment, education, family and child care, health and long-term care policies – is still in its infancy in comparison with the well-developed projects of the Single Market and EMU. Nevertheless, Social Europe is an old associate of the integration process, with the first legislative provisions and regulatory actions dating back to the 1950s. For a long time, supranational activity in the social field was not much more than a necessary concession to the proper functioning of economic integration. Even today, this is the most rational political argument for developing Social Europe.

That said, European social policy long ago emancipated itself from the status of mere addendum to market integration. This emancipation clearly took place against the Member States' intentions. Now not only European economic policy, but also European social policy challenges the national sovereignty of autonomous decisions on modes of production, welfare state design and economic and social policy directions. 'Semi-sovereign welfare states' have been left behind, as German and American political scientists Stephan Leibfried and Paul Pierson once stated. This development is far from trivial given that the financing and the institutional design of welfare policies are a constitutive element of national sovereignty. It is understandable that Member State governments still cling to the remnants of na-

tional welfare state autonomy and often underline the importance of the subsidiarity principle. As developments in the past 30 years have shown, however, the once scattered welfare state model landscape is not necessarily the main obstacle to more harmonisation of European social policy. Here a hybridisation of welfare regimes is evident in the face of common challenges, diffused reform concepts and shared reform plans, often pushed by the EU, which makes the development of common policies easier. The often-heard claim that the different welfare state landscapes stand in the way of further developing positive integration by means of EU socioeconomic policies, processes and institutions serves mainly to distract attention from Member States' efforts to block the transfer of sovereignty.

Historically, however, there have been short-lived attempts to jump-start European social integration. The first and furthest reaching was the initiative of social democratic parties and governments in the 1970s, under the guidance of German Chancellor Willy Brandt, to establish a European Social Union, conferring more importance on the creation of a social community than on economic integration. The second attempt was initiated by the European Commission with the inauguration of Jacques Delors as its president in 1985. His aim was to develop a social dimension for the Single Market and to embrace and preserve the peculiarities of the European Social Model as a social market economy. While the plans for a European Social Union faded over time, the social dimension of economic integration became a reality. It is important to note that this was only partly achieved by means of the glacial progress of positive integration since the 1950s. Rather the change towards a social dimension came about with the Maastricht Treaty and its Social Protocol as a 'leap of integration' in the social domain, enabling the implementation of social minimum standards by better decision-making and the launch of the European Social Dialogue.

After Maastricht, the energy for positive integration diminished again even though it was becoming all too clear that EMU and new global challenges were calling for more Social Europe. A third attempt was needed to boost positive integration. In order to help the EU and its Member States out of the impasse and to satisfy the need

for more socioeconomic policies at supranational level, while at the same time timidly denying any new transfer of competences, policy coordination was reinvented within the framework of a new, soft mode of governance. Its institutionalisation with the Lisbon Strategy in 2000 is linked to Portuguese Minister of Employment and later Vice-President of the Group of Socialists and Democrats in the European Parliament Maria João Rodrigues and her original concept of the strategy as a two-tier process aiming at both economic competition and social cohesion. This innovative notion of coordination in contrast to laborious harmonisation has worked out quite well in the fields of employment and social inclusion, but its openness soon brought policy coordination under the sway of the traditional asymmetry between economic and social considerations, with negative integration dominating.

The fourth and most recent attempt to give Social Europe more substance was during the Euro crisis, as then Social Commissioner László Andor gradually equipped coordination processes in the European Semester with more and better social indicators with the aim of achieving a better balance in policy coordination between economic and social objectives. A breakthrough for this approach was not possible until the proclamation of the EPSR with its encompassing Social Scoreboard in 2017. This ‘socialisation’ of the European Semester, as described by Belgian and Dutch political scientists Jonathan Zeitlin and Bart Vanhercke, is still far from complete. The latest development was the strengthening of the EPSR by an Action Plan containing three social headline indicators with quantitative targets up to 2030 and the incorporation of the EPSR principles in NextGenerationEU crisis management, prepared by Social Commissioner Nicolas Schmit.

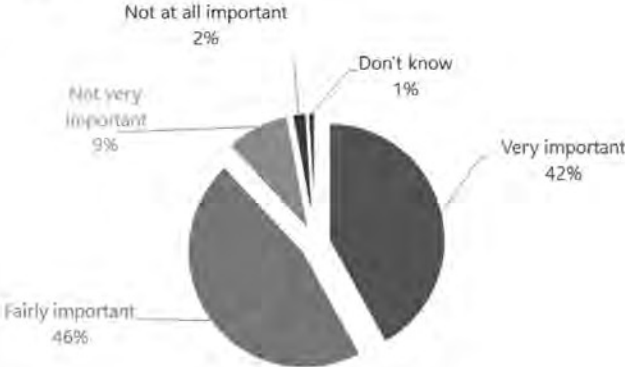
Looking at these remarkable historical attempts to bring about more Social Europe, it is obvious that their scope has progressively diminished over time. There is a big difference between a European Social Union and the supplementing of coordination cycles with social indicators. While the concept of a European Social Union involved a decommodifying approach to Social Europe with a clear mission to shape market integration, merely adding a social dimen-

sion to particular economic integration projects and policies no longer even questions the dominance of the market-enhancing paradigm. When asking why social democrats and socialists turned their backs on the European Social Union and partly reconciled themselves with neoliberal integration plans, one should keep in mind the different socioeconomic paradigms existing at the time of the different attempts to enhance Social Europe. When Willy Brandt was German Chancellor, Keynesian concepts of socioeconomic steering were still dominant and even shared by conservatives. This is obvious, for example, in the Werner Report on monetary integration. The Delors Commission kept some Keynesian ideas, but found itself in constant conflict with the neoliberal dogma propagated by British Prime Minister Margaret Thatcher. The rise of market-friendly, neo-classical economic theories from the 1980s made it more difficult to win approval of comprehensive market-correcting or market-shaping measures. Faith in markets became unshakeable in the 2000s, with an insistence on employment-friendly supply-side reforms, as reflected in flexicurity and employability based policies.

Policy coordination therefore not only made it possible to bypass Member State reluctance to accept the sovereignty transfers necessary for positive integration, but, because of its openness, could also be repurposed in the heyday of neoliberalism to propagate market-friendly reforms already approved among some Member States. When the Lisbon Strategy was implemented, Rodrigues' concept of a double-sided strategy for economic as well as for social objectives was embraced by the then majority of social democratic led governments in the EU15. A few years later, however, the conservative and liberal governments that now formed the majority reframed the Lisbon Strategy with the help of conservative Commission president José Manuel Durão Barroso as a tool primarily for promoting competitiveness rather than social cohesion. It soon became clear that the results of the OMC and the deliverables of the Europe 2020 Strategy were mixed, if not disappointing from a social point of view. The innovation of policy coordination in practice turned out to be merely a makeshift bridge, not a stable instrument for reducing the EU's constitutional asymmetry.

In the wake of the veritable inundation of the EU with successive economic crises, and the inadequate austerity management of the Euro crisis, the socioeconomic and territorial disparities in the Community have only been exacerbated and the neoliberal dogma of ‘free’ markets and self-regulation has lost some of its fascination. The bigger and less comprehensible a crisis turns out to be, the more trust people tend to feel in state action to tackle shocks and re-regulate market failures. Social Europe can be a beneficiary of this, as may be seen in the progressive ‘socialisation’ of the European Semester. Emerging from the shadows, the cry for more Social Europe becomes louder with every socioeconomic crisis. When European citizens were asked in 2020 how important they regard Social Europe, an overwhelming majority of 88 per cent stated that Social Europe was very important or important to them personally. By contrast, a mere 11 per cent said that Social Europe was not very or not at all important to them (see Fig. 16, p. 106).

How important or not is a social Europe to you personally (that is to say, a Europe that cares for equal opportunities, access to the labour market, fair working conditions, and social protection and inclusion)?
 (% - EU)



(Nov/Dec 2020)

Base: all respondents (n = 27,213)

Fig. 16: Importance of Social Europe to EU population 2020.
 Source: European Commission, Eurobarometer.

European citizens both desire and need more Social Europe. This seems to be at odds with the rather bumpy and meandering European social integration path we have observed for decades. Asked about the most important elements of EU economic and social development, the responding EU citizens did not prioritise traditional economic issues, but rather equal opportunities and labour market access, fair working conditions, access to quality health care, and the standard of living, as well as social protection and inclusion. And when asked about income differences in their home country in 2022, which are likely to have deteriorated in one crisis or another, a large majority of European citizens (73 per cent) stated that the EU should play a role in helping national governments to reduce these differences (see Fig. 17, p. 107).

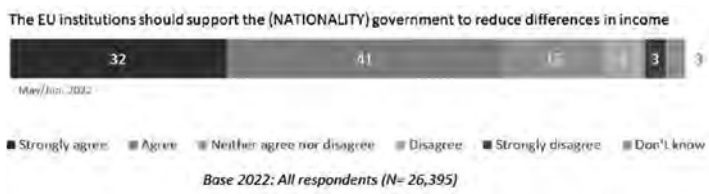


Fig. 17: Importance of the EU to reduce income inequalities to EU population 2022. Source: European Commission, Eurobarometer.

Public opinion in the EU seems to be one step ahead of Member State governments and some EU institutions in identifying the importance of the mutual dependence of economic and social integration. These areas of integration are in fact two sides of the same coin. Social integration without economic growth is hard, but market integration without social cohesion risks shredding the Union. We have described the lines of conflict standing in the way of faster and more sustainable social integration, which is needed to achieve a better balance with the already advanced economic integration. This is clearly a signal that European politicians must be more courageous in developing Social Europe and strengthen the say of the European and national parliaments in the relevant decision-making. This is especially important in relation to EU policy coordination, which

is very much detached from parliamentary participation. NextGenerationEU offers an opportunity to combine regulatory, distributive and coordinative social policy efforts. This new path for Social Europe should not be abandoned when the crisis instrument expires in 2026. Continuing along this path would help to circumvent some of the permanent lines of conflict we have identified, and to better prepare the EU to meet the challenges ahead. It is never too late to build a European Social Union.

Glossary

Anti-discrimination policy

EU legislation prohibiting discrimination on various grounds, including sex, race, colour, ethnic or social origin, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation. Discrimination on the basis of nationality and gender equality on wages were already mentioned in the Treaties of Rome. The Amsterdam Treaty added further aspects, thereby enabling several directives in the 2000s, based on Art. 8, 10, 18 and 19 TFEU.

Bretton Woods system

International system of fixed exchange rates and regulatory institutions such as the International Monetary Fund (IMF) and the predecessor of the World Bank. It was set up by the USA and its allies in 1944 and came into force after the Second World War. In 1973 it was replaced by a system of floating exchange rates.

Committee on Employment and Social Affairs

European Parliament body responsible for employment and social policies, comprising MEPs appointed proportionately from the various political groupings.

Community Charter of the Fundamental Social Rights of Workers

Adopted as a political declaration in December 1989 by the then 12 member states of the EC, except for the UK, and providing a list of social rights for workers valid throughout the Community. It prompted a Social Action Programme that produced several directives in the 1990s and was a prelude to further social provisions in the Maastricht Treaty and its Social Protocol.

Decommodification

This measures the degree to which social entitlements free citizens from dependence on the market. Used in comparative welfare state research to distinguish different welfare models.

DG EMPL

The European Commission's Directorate-General for Employment, Social Affairs and Inclusion, which develops and implements the Commission's policies.

Employment Committee

Created in 2000 by a Council decision based on Art. 150 TFEU as an advisory committee for employment ministers to promote the co-ordination of employment and labour market policies, composed of two delegates from each Member State and the Commission.

Employment, Social Policy, Health and Consumer Affairs Council

Council body bringing together all Member State ministers responsible for employment and labour market policies, social affairs, health and consumer policies, usually meeting four times a year with the participation of the Commission.

Equal pay

One of the founding principles of the EU (Art. 157 TFEU) to eliminate discrimination between the sexes regarding all aspects of employment remuneration. Enforced by a 2006 directive on equal pay. Mentioned already in the Treaties of Rome establishing the EEC in 1957 and gradually developed by ECJ case law and several directives.

Europe 2020

A 10-year growth strategy (2010 to 2020) with five headline targets on economic, employment, environmental, educational and social inclusion issues, to be pursued primarily by policy coordination in the new European Semester.

European Charter of Fundamental Rights

Set of political, social and economic rights of European citizens. Came into force from December 2009 with the Lisbon Treaty (Art. 6 TEU). Drafted by a convention and proclaimed without legal standing nine years beforehand.

European Economic and Social Committee

Established in 1957 with the EEC as an advisory institution on all EU socioeconomic topics, bringing together employer and employee organisations, as well as representatives from civil society, NGOs dealing with social and consumer issues and small and medium-sized businesses.

European Employment Strategy

First usage of the Open Method of Coordination as a mode of soft law governance for employment and labour market policies with commonly agreed objectives to be implemented by the Member States. Launched in 1994 and institutionalised with the employment chapter in the Amsterdam Treaty.

European Globalisation Adjustment Fund

Set up in 2006 to support unemployed people who lose their jobs due to structural changes such as relocation of company production sites. Support includes co-financing job seeking, career advice, training and coaching with a budget of 1.6 billion euros for the period 2021 to 2027.

European Labour Authority

Agency of the EU with the task of coordinating and supporting the adequate enforcement of trans-border labour mobility and social security coordination. Established in 2019 with headquarters in Bratislava.

European Pillar of Social Rights

EU initiative containing 20 principles for social, employment, and educational progress, proclaimed in November 2017 without legal status, but used as a point of reference in EU legislation and especially in EU coordination policies. Accompanied by a Social Scoreboard and since 2021 by an Action Plan, both to track sets of social development indicators in the European Semester.

European Regional Development Fund

Structural fund established in 1975 to strengthen economic, social and territorial cohesion in the EU with the aim of supporting less developed regions with a budget of 226.05 billion euros in the programme period 2021 to 2027.

European Semester

Key European framework for the coordination and monitoring of economic, employment and social policies, created in 2010. Starts each November with the Commission's economic and social outlook and priorities, and ends in July with the formal adoption of Country-specific recommendations to the Member States in the Council.

European Social Citizenship

The Maastricht Treaty introduced EU citizenship as complementary to national citizenship, although social citizenship remains primarily attached to national welfare states. But the ECJ has interpreted individual social rights contained in the European Charter of the Fundamental Social Rights of Workers from 1989 and the European Charter of Fundamental Rights proclaimed in 2000 and has helped to extend mobile workers' rights to their families and other citizens, therewith establishing a nucleus of a European Social Citizenship.

European Social Dialogue

Institutionalised dialogue between trade unions and employers' associations at supranational level (Art. 154 TFEU), enshrined with the SEA in 1986, concretised and enhanced with the Maastricht Treaty in 1992, obliging the Commission to consult the social partners prior to taking action in the field of social policy and giving them the option to conclude their own agreements.

European Social Fund

Introduced with the EEC in 1957 the Fund is the EU's main instrument for promoting employment and social inclusion. It governs cohesion policy and the reduction of disparities between Member States and regions. There is a budget of 99.3 billion euros for the period 2021–2027 in the form of top-up payments for projects in the Member States. Renamed ESF+ in 2020 with the integration of the FEAD and the YEI.

European Social Model

Notion introduced by Jacques Delors at the end of the 1980s to emphasise the common history and objective of social progress shared by European welfare states in contrast to other regions of the world. Used by researchers to define the state of Social Europe in the perspective of European integration theories and comparative welfare state research.

European Social Union

The most extensive incarnation of Social Europe originally envisioned in the 1970s at Willy Brandt's instigation and including transnational cooperation, mutual support schemes and collective socio-economic steering.

European Trade Union Confederation

Trade union organisation representing employees on a supranational level, constituting one side of the social partner dialogue and consultation contact for EU social policy initiatives.

European works councils

Introduced by a directive in 1994 as employee information and consultation bodies in multinational companies.

Flexicurity

Labour market policy combining passive unemployment insurance support with active and activating elements. First introduced in Denmark in the early 1990s it spread to many other EU countries, also with the help of the EES. The idea of a new distribution of rights and duties for the unemployed often led to social problems.

Fund for European Aid for the Most Deprived

Fund introduced in 2014 in response to the increased risk of poverty or social exclusion in the Euro crisis by a directive to support EU Member State initiatives to provide food and/or basic material assistance. Part of the ESF+ since 2021.

Gender equality

First steps were made with the Treaties of Rome to establish the equal pay principle between men and women, but it took until the 1970s for the EC to develop a legislative framework for gender equality under pressure from a series of ECJ decisions. Today, the EU's gender equality legislation and strategy is no longer bound to the workplace.

Horizontal social clause

Provision in Art. 9 TFEU binding the EU to take account of social objectives in all policies and actions.

Information and consultation

Framework for employers' obligatory provision of information to employee representatives in EU companies and consultation with them to exchange views and establish a dialogue. Formally implemented by a directive in 2002, but part of the EU's social objectives since the Social Action Programme 1974. Treaty provision in Art. 153 (1e) TFEU with much other legislation.

Keynesianism

Economic theory named after British economist John Maynard Keynes that revolutionised economic thinking and introduced macroeconomic models. Developed by Keynes in response to the Great Depression published as *The General Theory of Employment, Interest and Money* in 1936, it describes the role of aggregate demand in influencing economic output, and recommends active counter-cyclical fiscal and monetary policies to stabilise the economy in a crisis.

Lisbon Strategy

First EU ten-year growth strategy, prepared by Portuguese economist Maria João Rodrigues for her countries' Council presidency, and adopted at an EU summit in Lisbon in March 2000. The strategy brought together economic, employment and social issues and set objectives to be achieved by 2010 by means of policy coordination.

Living and working conditions

Expression already used in the Rome Treaties establishing the European Economic Community in 1957 to refer to the improvement and convergence of cross-border European worlds of work. Today a major part of EU social policy legislation.

Minimum income

Safety net guaranteed by the welfare state for people lacking sufficient means to ensure a decent standard of living. Serving as a floor for social protection, the minimum income is non-contributory and means-tested as a rule and differs greatly from a basic income. In 2023 an EU recommendation on adequate minimum wages was adopted by the Council to combat poverty and social exclusion by means of adequate income support.

Minimum wage

Lowest rate payable in a single sector or the whole economy. While collectively agreed minimum wages are stipulated in collective agreements between the social partners, statutory minimum wages are regulated by law. As minimum wages differ in terms of level, adjustment mechanisms and coverage between Member States, the 2022 EU directive on minimum wages sets common standards.

Monetarism

Economic theory concentrating on the notion of the amount of money in circulation, recommending the targeting of the growth rate of the money supply rather than discretionary monetary policy and criticising Keynesianism for emphasising active fiscal policies.

Negative integration

Involves the elimination of obstacles in an integration area, notably trade obstacles such as tariffs or border controls with the aim of market enhancement.

Neoclassical theory

Economic theory claiming to revive classical economic thinking by focusing on the restoration of market equilibrium based on rational economic actors maximising utility, not hindered by external interference.

Neoliberalism

An approach that came to the fore in the 1980s fetishising the ‘free market’, with reference to classical economic theory, with a focus on privatisation, deregulation and liberalisation. Its godfathers were President Ronald Reagan in the United States and Prime Minister Margaret Thatcher in the United Kingdom.

NextGenerationEU

750 billion euro recovery package adopted in 2020 to tackle the socioeconomic damage caused by the Covid-19 pandemic and to pave the way for the twin transformation from 2021 to 2026.

Open method of coordination

Soft law governance procedure in the EU, involving the setting of common objectives to be transposed to national reform plans, monitored by the Commission and the Council. Mutual exchange based on reports and peer pressure are supposed to enable learning effects. Formally launched in 2000 with the Lisbon Strategy.

Positive integration

Establishment of new common supranational instruments, institutions or procedures, often in a market-correcting or market-shaping direction.

Recovery and Resilience Facility

Key financial instrument at the heart of the NextGenerationEU package to support the post-pandemic recovery in the EU by assigning loans and credits for Member State projects between 2021 and 2026.

Social Action Programme

Launched by the Commission to promote the EU's social agenda. The first was implemented in 1974 following demands from Member State governments to promote social integration. The second was implemented after the adoption of the Community Charter of the Fundamental Social Rights of Workers in 1989. A third one in 1998.

Social dimension

Expresses the idea that market enhancement in the EU should be supplemented by social elements. It gained popularity with the advent of the Delors Commission in the late 1980s.

Social dumping

Unfair competition due to different levels of wages and social protection provisions. Domestically this may arise from the juxtaposition of different categories of workers; in the EU the problem arises from market integration pursued by promoting competition between Member States for private investments, production locations, business activities and export shares in the single market.

Social Protection Committee

Established by the Nice Treaty in 2001 as an advisory body to promote cooperation between the Member States and the Commission on social policies. Formally belongs to the Council. Member States and the Commission each delegate two members.

Social Protocol

Added to the Maastricht Treaty in 1992 replacing the planned new social chapter of the Treaty, which the United Kingdom rejected. The Social Protocol signed at the time by the other eleven EU Member States was a turning point with the establishment of an independent European social policy. Qualified majority voting was also introduced in many areas and social dialogue was strengthened. In 1997 the Protocol's provisions were integrated into the Amsterdam Treaty.

Social security system coordination

A system launched for coordinating the Member States' diverse social security provisions to ensure that migrant workers' entitlements are taken into account and their benefits properly calculated for the period they work abroad. The system was established with the EEC in 1957.

Washington Consensus

Reform initiative to promote so-called 'free market' policies, especially for developing countries. It was driven mainly by the Washington-based institutions the International Monetary Fund and the World Bank at the end of the 1980s and beginning of the 1990s.

Worlds of welfare capitalism

Phrase taken from the title of Danish sociologist Gøsta Esping-Andersen's seminal 1990 book *Three Worlds of Welfare Capitalism*. It classifies different 'families' or types of institutional social policy organisation with varying degrees of decommodification and stratification.

Youth Employment Initiative

EU financial resource to support the Youth Guarantee schemes first implemented in the Euro crisis in 2013 to bring young unemployed people under 30 years of age back into work, education or training within four months. Part of the ESF+ since 2021.

List of abbreviations

AGS	Annual Growth Survey
AROPE	At risk of poverty or social exclusion
CDU	Christlich Demokratische Union Deutschlands
CEDEFOP	European Centre for the Development of Vocational Training
CEE	Central and Eastern Europe
CEEP	European Centre of Employers and Enterprises
CF	Cohesion Fund
CFSP	Common Foreign and Security Policy
CSR	Country-specific Recommendations
CSR	Corporate social responsibility
DG COMP	Directorate-General for Competition Policy
DG ECFIN	Directorate General for Economic and Financial Affairs
DG EMPL	Directorate-General for Employment, Social Affairs and Inclusion
DG GROW	Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs
DG SANCO	Directorate-General for Health and Food Safety
EC	European Communities
ECB	European Central Bank
ECJ	European Court of Justice
ECOFIN	Economic and Financial Affairs Council
ECSC	European Coal and Steel Community
EEC	European Economic Community
EES	European Employment Strategy
EESC	European Economic and Social Committee
EGF	European Globalisation Adjustment Fund for Displaced Workers
ELA	European Labour Authority
EMCO	Employment Committee

EMPL	Committee on Employment and Social Affairs in the European Parliament
EMU	Economic and Monetary Union
EPSCO	Employment, Social Policy, Health and Consumer Affairs Council
EPSR	European Pillar of Social Rights
ERDF	European Regional Development Fund
ESDE	Employment and Social Developments in Europe
ESF	European Social Fund
ESM	European Social Model
ESM	European Stability Mechanism
ETF	European Training Foundation
ETUC	European Trade Union Confederation
EU	European Union
EU-OSHA	European Agency for Safety and Health at Work
EUROFOUND	European Foundation for the Improvement of Living and Working Conditions
EWC	European Works Councils
FEAD	Fund for European Aid to the Most Deprived
GDP	Gross domestic product
ILO	International Labour Organization
IMF	International Monetary Fund
JER	Joint Employment Report
JHA	Justice and Home Affairs Council
MEP	Member of the European Parliament
MFF	Multiannual Financial Framework
MIP	Macroeconomic Imbalance Procedure
NEET	Not in education, employment or training
NGEU	NextGenerationEU
NGO	Non-governmental organisation
NRP	National Reform Plan
OMC	Open method of coordination
OSE	Observatoire Social Européen
OSH	Occupational safety and health
PPS	Purchasing power standards
PS	Parti Socialiste

RRF	Recovery and Resilience Facility
RRP	Recovery and Resilience Plan
SEA	Single European Act
SGI	Services of general interest
SGP	Stability and Growth Pact
SPC	Social Policy Committee
SPD	Sozialdemokratische Partei Deutschlands
SPPM	Social Protection and Performance Monitor
SURE	Support to mitigate Unemployment Risks in an Emergency
TEC	Treaty Establishing the European Community
TEU	Treaty on European Union
TFEU	Treaty on the Functioning of the Union
UK	United Kingdom
UNICE	Union of Industrial and Employers' Confedera- tion of Europe
YEI	Youth Employment Initiative

Social democratic pioneers of Social Europe

Many social democrats, socialists and trade unionists have contributed to the development of Social Europe. Here, only a short selection can be listed.

Andor, László

László Andor is a Hungarian economist and Hungarian Socialist Party politician, who was appointed European Commissioner for Employment, Social Affairs and Inclusion in 2010, serving in that role until 2014. From 2005 to 2010, Andor served as a board member of the European Bank for Reconstruction and Development. During his tenure as Commissioner, he was responsible for developing and implementing policies to address unemployment, poverty and social exclusion which were sharply increasing across the EU during the Euro crisis. He brought in the Youth Guarantee and made a start on furnishing the European Semester with social indicators by enhancing the Macroeconomic Imbalance Procedure Scoreboard and by introducing a Social Protection Performance Monitor and the nucleus of a social scoreboard. Since leaving the European Commission, Andor has held various academic positions, including teaching at the Hertie School of Governance in Berlin and Sciences Po Paris. Today he is Secretary General of Brussels-based think tank the Foundation for European Progressive Studies (FEPS).

Aubry, Martine

Martine Aubry is a French political economist and politician of the French Socialist Party, which she led from 2008 to 2012. She was a trade union activist at CFDT before joining the PS in 1974 and taught at the École Nationale d'Administration (ENA). She served as Minister of Labour, Employment and Vocational Training from 1991 to

1993 in the government of Prime Minister Édith Cresson and from 1997 to 2000 as the Minister of Social Affairs in the government of Prime Minister Lionel Jospin. Aubry is best known for her role in introducing the 35-hour workweek in France in 2000 ('Loi Aubry'), which aimed to reduce unemployment and improve the work-life balance. It had a signalling effect in the whole EU and counterposed the neoliberal zeitgeist. In 2001 she was elected Mayor of Lille and still holds this position.

Brandt, Willy

Willy Brandt started as a journalist and became a leading politician in the German Social Democratic Party. He was Mayor of West Berlin from 1957 to 1966, Federal Vice-Chancellor and Minister of Foreign Affairs from 1966 to 1969, and Chancellor of the Federal Republic of Germany from 1969 to 1974. Nazi persecution forced him to flee Germany for Norway after school graduation in 1933, and later to Sweden. He returned after the war in 1946. In 1971 Brandt received the Nobel Peace Prize for his policy of détente between West Germany and the Eastern Bloc countries and his efforts for strengthened co-operation in the EEC. In the 1970s, Brandt was a strong advocate for Social Europe, convincing the EC partner governments to strive for social progress, not only economic integration. On his impulse, the Community developed its first Social Action Programme in 1974. At the 1973 Bonn Congress of European Socialist and Social Democratic Parties the concept of a European Social Union was born, initiated by Brandt. After leaving office as Chancellor, Brandt continued to be active in politics and diplomacy, serving as the President of the Socialist International and as a key negotiator in the Conference on Security and Cooperation in Europe. Willy Brandt's legacy as a leader in European integration with a social face continues to be felt today, and his ideas and values continue to inspire generations of social democrats and progressives across Europe.

Cercas, Alejandro

Alejandro Cercas is a Spanish lawyer and Spanish Socialist Workers Party (PSOE) politician who served as a member of the Spanish congress of deputies from 1982 until 1999. Before that, he was a legal advisor to an insurance company and then the Agricultural Development Agency, later becoming a civil servant in the Spanish Social Security Department. Cercas was elected as MEP in 1999 and re-elected twice. He was also rapporteur on the Working Time Directive in 2003 and coordinator for the S&D parliamentary group in the EMPL committee.

Delors, Jacques

Jacques Delors is a French economist and French Socialist Party politician, who was a Member of the European Parliament from 1979 to 1981, French Minister of Finance from 1981 to 1984 and President of the European Commission from 1985 to 1995. During his tenure as President, Delors played a key role in advancing European integration, including through the creation of the Single Market, the development of the euro currency, and the promotion of a European Social Dimension with the Maastricht Treaty. After leaving the European Commission, Delors continued to be active in European affairs, serving as Honorary President of the think tank Notre Europe and advocating for greater European integration. Jacques Delors is considered one of the most influential figures in the history of the European Union, and his ideas and legacy continue to shape European integration today.

Diamantopoulou, Anna

Anna Diamantopoulou is a Greek economist and Greek Socialist Party politician. She began her career working for organisations such as the Organisation for Economic Co-operation and Development and the World Bank. In 1996, she entered politics and served as a Member of the Hellenic Parliament. In 1999, she was appointed European Commissioner for Employment, Social Affairs and Equal Opportunities in the Barroso Commission. Diamantopoulou strengthened the EES, emphasising the importance of active labour market policies,

lifelong learning and social inclusion in tackling unemployment. From 2009 to 2012, Diamantopoulou held several Greek ministerial positions, including Minister of Education and Minister for Competitiveness. Between 2021 and 2023 she chaired the European Commission's High-Level Group on the Future of Social Protection and of the Welfare State in the EU.

Hollande, François

François Hollande is a French Socialist Party politician. He was elected President of France in 2012 and remained in office until 2017. In his early years he studied law and political science. From 1997 to 2008 he was leader of the French Socialist Party. From 2001 to 2008 Hollande was Mayor of Tulle and directly afterwards (until 2012) President of the general Council of Corrèze. In the Euro crisis Hollande belonged to the reform camp, trying to develop the Economic and Monetary Union (EMU) into a fiscal union with shared liabilities, a common budget and a fully-fledged banking union, which brought him into opposition with the predominantly German crisis narrative of a 'sovereign debt crisis'. He gave the suffering states in the south of Europe a voice for their complaints about the negative social consequences of austerity management and exerted pressure to include a social dimension in the EMU reform talks. Although plans for integrating a social dimension in EMU reform failed, the social aspect of the Euro crisis was recognised with the launch of the Youth Employment Initiative in 2013.

Jongerius, Agnes

Agnes Jongerius is a Dutch historian, trade unionist and Dutch Labour Party politician. Starting in 1987 she worked for the Federation of Dutch Trade Unions FEV, serving as chair between 2005 and 2012. Since 2014 she has been an MEP. She was vice chair of the EMPL committee and rapporteur on the Minimum Wages Directive in the EU in 2021.

Kalfin, Ivailo

Ivailo Kalfin is a Bulgarian economist and Bulgarian Social Democratic Party politician. He served as a member of the Advisory Board of the Bulgarian National Bank and as Economic Policy Secretary to the President of Bulgaria. Twice he was Bulgaria's Deputy Prime Minister (2005–2009 and 2014–2016), as well as Minister of Foreign Affairs (2005–2009) and Minister of Labour and Social Policy (2014–2016). Between 2009 and 2014, he was an MEP, Vice Chair of the Committee on Budgets and rapporteur for the Multiannual Financial Framework 2014–2020. From 2019 he was Director of the Economics and International Relations Institute in Sofia, until he joined Eurofound as Executive Director in 2021. His priorities at Eurofound include supporting the mainstreaming of Europe's green and digital transitions with the economic recovery from the Covid-19 pandemic and complementing the implementation of the European Pillar of Social Rights Action Plan with evidence-based research.

Larsson, Allan

Allan Larsson is a Swedish economist, public servant and social democratic politician. He was Sweden's Minister for Finance in 1990 and 1991 under the Social Democratic government of Prime Minister Göran Persson. He has also served as Director General of the National Labour Market Board, as Member of the Swedish Parliament, and as Member of the Board of Governors of the Central Bank. During his time in the parliament he was appointed chairman of the European Employment Initiative, developing the EES. He served as Director-General for Employment, Industrial Relations, and Social Affairs at the European Commission from 1995 to 1999. In 2016 Larsson was appointed by Commission President Juncker as a special advisor for developing the EPSR.

Lynch, Esther

Esther Lynch is an Irish trade unionist, elected as ETUC General Secretary in 2022. Before that, she served as ETUC Deputy General Secretary from 2019, after four years as Confederal Secretary. She has extensive trade union experience at Irish, European, and international levels, starting with her election as a shop steward in the 1980s. Before coming to the ETUC, she was the Legislation and Social Affairs Officer with the Irish Congress of Trade Unions. She has led ETUC lobbying actions for new legislative initiatives, such as the Transparent and Predictable Working Conditions Directive, the EU Directive on minimum wages and the Gender Pay Transparency Directive.

Mitterrand, François

François Mitterrand was a French Socialist Party politician, elected President of France in 1981 after holding several ministerial offices in the 1940s and 1950s. In his early years he studied political science and participated in the French resistance. From 1971 to 1981 he was leader of the French Socialist Party. He also served as Mayor of Château-Chinon from 1951 to 1981 and as President of the General Council of Nièvre from 1964 to 1981. He was re-elected President in 1988 and remained in office until 1995. Mitterrand tried to develop a ‘Keynesian’ inspired economic policy in France, which was at odds with the monetary policy implemented by the Bank of France, constrained by European Monetary System rules. Regarding European integration he reversed the national focus of Charles de Gaulle and became an advocate of deeper political cooperation, above all French–German reconciliation. He helped make possible the Single European Act and the Maastricht Treaty with its Social Protocol. This constituted a jump-start for social integration at supranational level.

Rasmussen, Poul Nyrup

Poul Nyrup Rasmussen is a Danish economist and politician, who was leader of the Danish Social Democrats from 1992 to 2002. Rasmussen was elected Member of the Danish Parliament in 1987 and held the position of Prime Minister of Denmark from 1993 to 2001, leading a Social Democratic government. During his tenure he implemented several progressive policies, focusing on social welfare, economic growth, and labour market reforms, known as the flexicurity model. Before that he was chief economist of the Danish Trade Union Council from 1980 to 1986 and also worked as managing director of the Employees Capital Pension Fund until 1988. After leaving office as Prime Minister, Rasmussen remained active in politics. He was an MEP from 2004 to 2009 and served as President of the Party of European Socialists (PES) from 2004 to 2011, responsible for its strong politicisation.

Rodrigues, Maria João

Maria João Rodrigues is a Portuguese politician and economist, who served as an MEP for the Socialists and Democrats (S&D) group from 2014 to 2019, in which she was vice-chair of the Committee on Employment and Social Affairs. She also served as a member of the Economic and Monetary Affairs Committee and the Constitutional Affairs Committee. Prior to her time in the European Parliament, Rodrigues was a professor of European Economic Policy at the Institute for European Studies at the Université Libre de Bruxelles (ULB). She also served as Portuguese Minister of Employment and Social Security in 2005–2009. Currently she is President of the Brussels-based think tank Foundation for European Progressive Studies (FEPS). Rodrigues is known for her work on social policy, employment and economic governance in the European Union, as well as her contributions to the Lisbon Strategy, the Europe 2020 Strategy, the development of the European Semester and the EPSR.

Sandri, Lionello Levi

Lionello Levi Sandri was an Italian lecturer in industrial law, civil servant and Italian Socialist Party politician. He was part of the Italian resistance movement against Mussolini. He worked in the Italian Labour Administration and held several positions in the Ministries of Labour and Transport. He has been a member of the Council of State since 1948 and became president of a section of the Council of State in 1964. Between 1961 and 1970 Sandri was Vice-President of the European Commission in charge of social affairs in the cabinets of Commission Presidents Walter Hallstein and Jean Rey. In his long term in office, he helped to supplement economic integration with the first social integration steps, concerning the free movement of labour, the equal treatment of men and women and the establishment of the ESF for the development of employment and workers' mobility.

Schmit, Nicolas

Nicolas Schmit is a Luxembourgish economist and Luxembourgish Socialist Worker's Party politician. He began his diplomatic career in the Prime Minister's office and was also Secretary of the socialist worker party delegation in the parliament. He was elected an MEP in 2019 and became European Commissioner for Jobs and Social Rights in the same year. Prior to his appointment as Commissioner, Schmit held several positions in the Luxembourgish government, including Minister for Labour, Employment and Immigration as well as Minister for Foreign Affairs. As Commissioner he steers the implementation of the European Pillar of Social Rights and prepared the social summit in Porto 2021 and the accompanying Social Action Plan, with three social headline objectives until 2030.

Špidla, Vladimír

Vladimír Špidla is a Czech historian and Czech Social Democratic Party politician, which he led between 2001 and 2004. He was elected to the Czech parliament in 1996 and was First Deputy Prime Minister and Minister of Labour and Social Affairs in the government of Miloš Zeman from 1998 to 2002. From 2002 to 2004 he was Prime minister of the Czech Republic. After resigning, Špidla became European Commissioner for Employment, Social Affairs and Equal Opportunities in the second cabinet of Commission President José Manuel Barroso from 2004 until 2010. As Commissioner, he defended the idea of a European Social Model and helped to implement the EGF in 2006.

Vandenbroucke, Frank

Frank Vandenbroucke is a Belgian economist and Belgian Socialist Party politician. He has been professor of social economic analysis at the Antwerp University since 2009 and professor at the University of Amsterdam since 2015. He was a member of the Belgian Parliament from 1985 to 1996 and from 1999 to 2011. In successive Belgian federal governments, he served as minister responsible for national security, health, old-age pensions and employment. Since 2020 he has been Belgian Deputy Prime Minister and Minister of Health and Social Affairs. Vandenbroucke is a strong promoter of a European Social Union as a necessary supplement to EMU.

Timeline

1951

Treaty of the European Coal and Steel Community (ECSC) signed (six Member States)

1952

Entry into force of the ECSC Treaty

1957

Treaties of Rome establishing the European Economic Community (EEC) signed (six Member States)

European Economic and Social Committee (EESC) established as a consultative body

1958

Entry into force of the Treaties of Rome

1962

European Social Fund (ESF) enters into force

1968

Customs union completed

1970

Plan for a European monetary union drafted by Luxembourg PM Pierre Werner

1972

EC Paris summit highlighting social progress as more important than economic expansion

1973

Accession of Denmark, Ireland and the UK (EC now has nine Member States)

Bonn congress of socialist and social democratic parties demanding a European Social Union

End of Bretton Woods System

1974

First Social Action Programme

1975

European Foundation for the Improvement of Living and Working Conditions (Eurofound) established in Dublin

1981

Accession of Greece (10 Member States)

1984

Observatoire Social Européen (OSE) launched as a non-profit research centre to analyse the social dimension of European integration

1985

Jacques Delors becomes President of the European Commission (until 1995)

Delors meets European social partners in Val Duchesse to begin a supranational Social Dialogue

1986

Accession of Portugal and Spain (12 Member States)

Single European Act (SEA) signed

1987

Entry into force of the SEA

1988

European Commission Working Paper calling for a Social Dimension for the Internal Market

1989

Three-step plan to establish a Economic and Monetary Union by 1999 drafted by Commission President Jacques Delors

Community Charter of the Fundamental Rights of Workers adopted by 11 Member States (except the UK)

Second Social Action Programme

Framework Directive on Occupational Safety and Health (OSH)

1991

Founding agreement on principles of European Social Dialogue between social partners

1992

Maastricht Treaty signed (12 Member States)

Finalisation of Single Market '1992 project'

1993

Entry into force of Maastricht Treaty with Social Protocol signed by 11 Member States (except the UK)

1994

European Commission White Paper on European Social Policy demanding social protection balanced with economic integration

Start of employment policy coordination, developing into European Employment Strategy (EES) in 1999

European Agency for Occupational Safety and Health at Work established in Bilbao

1995

Accession of Austria, Finland and Sweden (15 Member States)

Medium-term Social Action Programme

1996 – European Year of Lifelong Learning

EU directive on posted workers

1997

Amsterdam Treaty signed (15 Member States)
Stability and Growth Pact (SGP) agreed for the Eurozone
Informal EU Jobs summit in Luxembourg

1998

Third Social Action Programme

1999

Entry into force of Amsterdam Treaty
EMU completed, euro currency introduced

2000

Lisbon Strategy and Open Method of Coordination (OMC) adopted
Proclamation of the Charter of Fundamental Rights of the European Union

2001

Nice Treaty signed (15 Member States)

2002

Adoption of Barcelona Targets on Childcare
Directive establishing a general framework for informing and consulting employees

2003 – European Year of People with Disabilities

Working Time Directive adopted to limit the number of average weekly working hours, which should not exceed 48
Entry into force of Nice Treaty

2004

Accession of the Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia (25 Member States)
Regulation facilitating free movement for study, leisure or for professional reasons by adapting social security coordination rules
Constitutional Treaty signed

2005

Referendums in France and the Netherlands reject the Constitutional Treaty

2006 – European Year of Workers Mobility

Introduction of European Globalisation Adjustment Fund for Displaced Workers (EGF)

European Alliance for Corporate Social Responsibility (CSR) launched

2007 – European Year of Equal Opportunities for all

Accession of Bulgaria and Romania (27 Member States)

Lisbon Treaty signed

2009

Entry into force of Lisbon Treaty

2010 – European Year for Combating Poverty and Social Exclusion

Europe 2020 Strategy adopted

Beginning of Eurocrisis Austerity Management (until 2015)

2011

Initiation of the European Semester

Implementation of the Macroeconomic Imbalance Procedure (MIP)

Adoption of EU Framework for national Roma integration strategies

2012 – European Year of Active Ageing

Entry into force of European Stability Mechanism (ESM) for the Eurozone

Social Protection Performance Monitor (SPPM) launched

Commission White Paper on Pensions

2013

Accession of Croatia (28 Member States)

Social Scoreboard launched

Social Investment Package adopted

Youth Guarantee launched as part of the Youth Employment Initiative (YEI)

2016

Labour Mobility Package presented by the Commission

2017

European Pillar of Social Rights (EPSR) with enhanced Social Scoreboard proclaimed at Gothenburg Social Summit

2018

Adoption of revised Posted Workers Directive

2019

European Labour Authority (ELA) established

2020

UK leaves the EU after negative referendum in 2016 (27 Member States)

SGP temporarily suspended (until 2023)

Support to mitigate Unemployment Risk in an Emergency (SURE) adopted

NextGenerationEU instrument adopted to address impacts of Covid-19 pandemic

2021

EPSR Action Plan adopted at Porto Social Summit

2022 – European Year of Youth

Adoption of Directive for adequate minimum wages and in support of collective bargaining

2023 – European Year of Skills

Adoption of Recommendation on adequate minimum income

Must-Reads on Social Europe

Treatises and overviews

- Andersen, Karen M. (2015): *Social Policy in the European Union*, London/New York: Palgrave Macmillan.
- Andor, László (2022): *Europe's Social Integration. Welfare Models and Economic Transformations*, London: Publishing Partnership.
- Andry, Aurélie Dianara (2023): *Social Europe, the Road not taken. The Left and European Integration in the long 1970s*, Oxford: University Press.
- Bailey, David J. (2009): *The Political Economy of European Social Democracy. A Critical Realist Approach*, London/New York: Routledge.
- Crespy, Amadine (2022): *The European Social Question. Tackling Key Controversies*, Newcastle upon Tyne: Agenda Publishing Limited.
- Crouch, Colin (2020): *Social Europe. A Manifesto*, Berlin: Social Europe Publishing.
- Pochet, Philippe (2019): *À la recherche de l'Europe sociale*, Paris: Presses Universitaires de France.
- Vandenbroucke, Frank/Barnard, Catherine/De Baere, Geert (eds) (2017): *A European Social Union after the Crisis*, Cambridge/New York: Cambridge University Press.

Annual reports

- European Commission: *Employment and Social Developments in Europe, in-depth analysis of employment and social status of the EU*.
- European Commission/Council: *Joint Employment Report, overview of key employment and social developments in the EU*.
- European Trade Union Institute/Observatoire Social Européen: *Social Policy in the European Union: State of Play, Yearbook with several expert's contributions*.

Webpages

- Committee on Employment and Social Affairs,
<https://www.europarl.europa.eu/committees/en/empl/home/highlights>,
European Parliament's broadcasts, news and decisions in social affairs.
- Directorate General of Employment, Social Affairs & Inclusion,
<https://ec.europa.eu/social/home.jsp>, European Commission's policies and activities in social affairs.
- Employment, Social Policy, Health and Consumer Affairs Council,
<https://www.consilium.europa.eu/en/council-eu/configurations/epsco>,
information on meetings and outcomes.
- Eurofound, <https://www.eurofound.europa.eu/>, publications and data on social topics.
- European Economic and Social Committee, <https://www.eesc.europa.eu>,
resolutions and reports on the social and economic integration.
- European Trade Union Institute, <https://www.etui.org/>, trade union related information and studies on EU socio-economic topics and beyond.
- Foundation for European Progressive Studies, <https://feps-europe.eu/>,
Studies and Papers on EU socio-economic topics and beyond.
- Observatoire Social Européen, <https://www.ose.be/index.php/>, publications on particular European social policy topics.
- Social Europe, <https://www.socialeurope.eu>, blog by Social Europe Publishing & Consulting GmbH with articles on EU socio-economic topics and beyond.

Books and papers on special topics

- Aranguiz, Ane (2022): *Combating Poverty and Social Exclusion in European Union Law*, Oxon/New York: Routledge.
- Corti, Francesco (2022): *The Politicisation of Social Europe. Conflict Dynamics and Welfare Integration*, Cheltenham/Northampton: Edward Elgar Publishing.
- Esping-Andersen, Gøsta (1990): *The Three Worlds of Welfare Capitalism*, Princeton: University Press.

- Hacker, Björn (2023): *The European Pillar of Social Rights: Impact and Advancement. Somewhere between a Compass and a Steering Tool*, SWP Research Paper, Berlin: German Institute for International and Security Affairs.
- Hacker, Björn (2019): *A European Social Semester? The European Pillar of Social Rights in Practice*, Working Paper 2019.05, Brussels: European Trade Union Institute.
- Hemerijck, Anton/Huguenot-Noël, Robin (2022): *Resilient Welfare States in the European Union*, Newcastle upon Tyne: Agenda Publishing Limited.
- Keynes, John Maynard (1936): *The General Theory of Employment, Interest, and Money*.
- Pierson, Paul (1996): *The Path to European Integration. A Historical Institutional Analysis*, in: *Comparative Political Studies*, Vol. 29, No. 2, pp. 123-163.
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- Zeitlin, Jonathan/Vanhercke, Bart (2018): *Socializing the European Semester: EU social and economic policy co-ordination in crisis and beyond*, in: *Journal of European Public Policy*, Vol. 25, No. 2, pp. 149-174.

Reviews

Agnes Jongerius, Member of the European Parliament, S&D Coordinator EMPL Committee

The Eurocrisis has shown that austerity does more harm than good. Unfortunately, in the aftermath of the Covid-19 pandemic and the cost-of-living-crisis that followed there has been a resurgence of calls for austerity measures. Against this background, Björn Hacker's Primer on Social Europe is a valuable resource for politicians and policy makers alike. Hacker presents a comprehensive historical perspective on the concept of a Europe that extends beyond the single market. This primer equips policymakers with a deeper understanding of the forms and actors of European social policy and the conflicts and opportunities we face on the path to a Social Union. Hopefully, Hacker's work can inspire us to be more ambitious in developing the Social Europe we need to meet the challenges of the future.

Thorben Albrecht, Policy Director at IG Metall and former State Secretary at the German Ministry of Labour and Social Affairs

As EU-regulation is becoming ever more important for economic and social actors, this book gives in-depth insights into the development of Social Europe. Björn Hacker looks at the history, theories and conflict lines that shaped the social dimension of European integration. But, he does not stop at describing how Social Europe became what it is. The book also comprehensively lays out the shortcomings and challenges ahead. It is therefore valuable reading for everybody active in trade unions, works councils and social movements.

**Amandine Crespy, Professor in Political Science & EU Studies,
Université Libre de Bruxelles**

This primer provides an incredibly comprehensive picture of Social Europe as a moving target. Starting with Brandt's and Delors' ambivalent promises, it takes us to a journey through the various dimensions of the debate including political conflict lines, institutionalized modes of governance, and historical developments. Moreover, Hacker does not only offer excellent insights about today's dilemmas for Social Europe, but also suggests a number of steps that can be taken today to manage the twin digital and green transition from a social vantage point in order to escape the persisting (and dangerous) tension between austerity and solidarity. The FEPS primer is a must read for everyone who wants to have an analytical and critical bird's view on Social Europe's historical fault lines and current challenges.

João Albuquerque, Member of the European Parliament, S&D

Professor Hacker's Primer is a deep insight into the construction – still ongoing – of a European Social Union. Starting from the role of social democrats such as Willy Brandt and Jacques Delors in fomenting a Social Europe, he then offers a clear view of what could be done to conclude the vision of a new binding pillar of social rights for all Europeans, thus contributing to eliminate the inequalities and disparities under which the current Economic and Monetary Union is still based upon. It is a truly inspiring reading to know the past, understand the present and project the future of the Social Union.

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About the Author



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Björn Hacker is professor of European economic policy at the HTW University of Applied Sciences in Berlin (since 2014). Before that, he worked as a policy consultant at the Friedrich-Ebert-Stiftung (FES). His research covers issues of European integration, in particular economic and social integration. Professor Hacker has steered research projects on reform of the European Economic and Monetary Union, policy coordination in the EU and the European Pillar of Social Rights. He has published numerous papers, articles and book chapters. His doctoral thesis was on the Open Method of Coordination in the pension sector (published in German in 2010). He studied economics and political sciences at the University of Osnabrück, the University of Barcelona and Sciences Po Paris, where he obtained his Master's degree. At HTW Berlin Hacker teaches macroeconomics, the EU political system, EU integration theories and international relations. Recently, he established a joint degree study programme in European economic policy. Hacker has been liaison officer for the Hans-Böckler-Stiftung (HBS) since 2016 and a member of the academic advisory board of the Institut für Europäische Politik (IEP) since 2018.

The FEPS Primer Series

Following a decade of polycrisis that followed the great recession of 2009, progressive political thinking and practice in Europe needs a reconstruction. This FEPS Primer book series was launched to serve the creation of this new synthesis, connecting long established values of the European socialist and social democratic traditions with the lessons and innovations of the current experience.

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The FEPS Primer series is edited by an Editorial Board. We keep in view the key current issues of the European Union, with a focus on critical discussion points that will influence the work of social movements as well as governance at various levels in the coming decade. We hope the selection of topics and the contributions of our distinguished authors will spark the interest of those participating in progressive political education, and also appeal to a wider readership.

Dr László Andor
FEPS Secretary General

“This primer equips policymakers with a deeper understanding of the forms and actors of European social policy and the conflicts and opportunities we face on the path to a Social Union.”

Agnes Jongerius
(MEP, S&D Coordinator EMPL Committee)

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ISBN 978-3-8012-3105-7



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