The EU’s social dimension: a clarification

Committee on Constitutional Affairs of the European Parliament
Public Hearing on ‘Constitutional Perspective of EU’s social dimension in the context of the debate on the future of Europe’
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The elusive notion of ‘Social Europe’...
A European Social Union

A Social Union would

• support national welfare states on a *systemic* level in some of their key functions (e.g. stabilization, fair corporate taxation, ...)

• guide the substantive development of national welfare states – via general social standards and objectives, leaving ways and means of social policy to Member States – on the basis of an operational definition of ‘the European social model’.

⇒ European countries would cooperate in a union with an explicit social purpose, pursuing both national and pan-European social cohesion,

⇒ reconnecting with the original inspiration of the *founding fathers*,

⇒ based on reciprocity (no solidarity without responsibility) and subsidiarity.
EMU: the challenge of stabilization

• Why are stabilization instruments centralized in monetary unions?

• Minimum requirements for an effective stabilisation capacity within EMU member states:
  – sufficiently generous unemployment benefits, notably in the short-term;
  – sufficient coverage rates of unemployment benefit schemes;
  – no labour market segmentation that leaves part of the labour force poorly insured;
  – no proliferation of employment relations that are not integrated into social insurance;
  – effective activation of unemployed individuals;
  – budgetary buffers in good times, so that automatic stabilisers can do their work in bad times.

• These principles become a fortiori imperative, if the Eurozone would be equipped with automatic stabilizers that are triggered, in one or other way, by unemployment shocks (to avoid institutional moral hazard)
EMU: common standards for resilient welfare states

- A shared conception of flexibility

- Labour market institutions that can deliver on wage coordination (effective collective bargaining)

- Cluster of policy principles for an adequate stabilisation capacity in MS:
  - sufficiently generous unemployment benefits, notably in the short-term;
  - sufficient coverage rates of unemployment benefit schemes;
  - no labour market segmentation that leaves part of the labour force poorly insured against unemployment;
  - no proliferation of employment relations that are not integrated into systems of social insurance;
  - effective activation of unemployed individuals

⇒ Convergence in some key features of Eurozone welfare states
⇒ European Pillar of Social Rights, Gothenburg Summit, 17 November 2017
EU27: a ‘balancing act’ to reconcile openness and domestic cohesion

• A regulatory framework for ‘fair mobility’

• Access to social benefits: the general principle of non-discrimination

• The (necessary) exception: posting of workers

• Transparency and coverage of minimum wage regimes

⇒ European Pillar of Social Rights
How to deliver on the European Pillar of Social Rights?

• Clear priorities

• Credible roadmap, combining...
  – EU legislation
  – Policy coordination and benchmarking
  – Funding instruments (tangible support for MS)

• Mainstreaming in economic and fiscal surveillance, European Semester

• Completing EMU as an insurance union
Resources

   https://doi.org/10.1017/9781108235174

   1) Introductory chapter in Open Access on www.frankvandenbroucke.uva.nl, item 263;

   2) Part III, Legal and Institutional Challenges
