

European Pillar of Social Rights

Gothenburg, Porto and beyond

SUMMARY

The proclamation of the European Pillar of Social Rights (social pillar) by the European Commission, the European Parliament and the Council in November 2017 was the fourth major attempt to strengthen the social dimension of the European Union since its inception.

The social pillar is to be the fifth pillar of the economic and monetary union. It is to serve as a compass for updating the EU's welfare states and labour markets to the new realities of life and work in the 21st century. Its holistic approach puts upward social convergence at its centre and can help to put economic and social considerations and rights across EU policies on a more equal footing. Its implementation has mainly been the task of the Member States in strong collaboration with the social partners and with the support of the European Union. The social pillar's very broad interpretation of the social dimension, pointing beyond social and employment policies, means that it has been regarded by some simply as the starting point for new initiatives in a number of policy fields, and by others as a potential game-changer that can bring about a genuinely new policy dynamic around the EU's social dimension.

The new action plan on the further implementation of the social pillar's principles continues along this complex path. It also proposes three new headline targets and the redesign of the social scoreboard to make monitoring of the implementation process more detailed and accurate. At the Porto Social Summit to be held on 7-8 May 2021 the action plan will be one of the major inputs into discussions on the social aspects of medium- to long-term recovery from the coronavirus crisis, including unemployment, education and training, social protection and poverty. The objectives include clarifying issues around: the enforceability of the social pillar's principles and rights, how to achieve a genuine European social protection floor for all, and governance, monitoring and funding in the context of the EU social dimension.



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What is the purpose of the social pillar?

The [European Pillar of Social Rights](#) (social pillar) contains 20 principles and rights, centred around three main priorities: equal opportunities and access to the labour market; fair working conditions; and social protection and inclusion. It is to serve as a compass to update the EU's labour markets and welfare states to the new realities of work and life. After an extensive consultation in 2016, it was launched in March 2017 and endorsed by the European Commission, the European Parliament and the Council of the EU at the [Gothenburg Social Summit](#) in November 2017. It was accompanied by a [Social Scoreboard](#) with 14 composite indicators (and 21 secondary indicators) in 12 areas, measuring progress in relation to the principles in the EU Member States. The scoreboard was used for the first time in the 2018 [European Semester](#), one of the main parts of the EU's economic governance framework.

Main areas of the social pillar

Equal opportunities and access to the labour market: the right to education, training and life-long learning, equal treatment between men and women, non-discrimination on grounds of gender, racial or ethnic origin, religion or belief, disability, age or sexual orientation, and 'active support to employment'.

Fair working conditions: the rights to 'secure and adaptable employment', fair wages, information about employment conditions and protection in the event of dismissal, social dialogue and involvement of workers, work-life balance, a healthy, safe and well-adapted working environment and data protection.

Social protection and inclusion: the rights and principles concerning childcare and support for children, social protection, unemployment benefits, minimum income, old-age income and pensions, health care, inclusion of people with disabilities, long-term care, housing and assistance for the homeless, and access to essential services.

Implementation of the principles is primarily in the hands of the Member States, in close cooperation with social partners and with the support of the EU. Continuing with the implementation of all the principles that began during the Juncker Commission (2014 to 2019), the von der Leyen Commission (2019 to 2024) put forward an [action plan](#) on the social pillar in March 2021. This should help to work towards the current Commission's broader priority of 'An economy that works for people', alongside other initiatives, to achieve a genuine social market economy. The action plan also defines three headline targets to be reached by 2030: at least 78 % of the population aged 20 to 64 should be in employment; at least 60 % of adults should be participating in training; and there must be a reduction of at least 15 million in the number of people at risk of poverty and social exclusion.¹ It also envisages the revision of the Social Scoreboard as a reflection on current political priorities and on recent and upcoming initiatives.

Background and intentions

Historically, social policy and the broader subject of the social dimension² has had an unbalanced relationship with economic integration in the EU and has been treated more as a by-product of the benefits resulting from integration.

In terms of its legal basis, social policy within the EU has been developing since the Treaty of Rome. In 1986, the [Single European Act](#) established a Community policy of economic and social cohesion to counterbalance the effects of the completion of the internal market on the less-developed Member States and to reduce discrepancies in development between the regions. These were followed by a non-binding [Community Charter of Fundamental Social Rights of Workers](#) in 1989. In 2009, social and labour rights became legally binding through the [Charter of Fundamental Rights of the European Union](#) (CFREU). [Article 3\(3\)](#) of the Treaty on European Union (TEU) included the concept of achieving a highly competitive social market economy. The [horizontal social clause](#) (Article 9 of the Treaty on the Functioning of the European Union, TFEU) placed balanced economic growth and sustainable development on an equal footing with full employment, a high level of

social protection, equality, promotion of social justice, and respect for diversity. It basically called for better social mainstreaming of all policies.

These latter developments were to be the [most complex and ambitious](#) as they came about as a consequence of monetary integration and the challenge of having a single currency without a state. The [Lisbon Treaty](#)³ in 2007 marked a step towards more political integration, and its innovative aspects are debated in the literature on the EU's social dimension. It is universally considered to represent a radical change from the idea of a legislative action programme – when it came to social policy – to that of convergence via a flexible and non-binding method – the [open method of coordination](#) (OMC) used already since the 1990s by the Member States. The TFEU does not mention the OMC explicitly but simply talks about coordination of social and employment policies and the use of indicators as tools to assess national and regional performance.

The launch of the social pillar in 2017 was the fourth major attempt to strengthen the social dimension of the EU (the first being the period starting in the mid-1970s with the first social programme, followed by the period after 1989, and then that starting with the Lisbon Treaty). The social pillar was brought in from the [economic and monetary union](#) context (EMU) with the idea that it become the latter's fifth pillar. The ultimate aim of EMU was: (a) to set up an authority for competition in the euro area; (b) to strengthen initiatives and intervention on macroeconomic imbalances; (c) to pay greater attention to economic and social results; and (d) to improve coordination of economic policies within a renewed European Semester. The 2015 [Five Presidents' Report](#) on completing EMU stated that 'there is no 'one-size-fits-all' template to follow', but that 'the challenges are often similar across Member States' in terms of their employment situation, working conditions, social protection, the situation of older people and education. Accordingly, it called for reformed labour markets, for access to adequate education for all and for effective social protection systems that also take care of the most vulnerable, including through the creation of a '[social protection floor](#)'. It declared that 'Europe's ambition should be to earn a social triple A'. This was to be an instrument to contribute to fair and balanced growth, decent jobs and labour protection. The report envisaged three stages between 2015 and 2025, and a white paper was also planned to assess progress made in stage 1 and to outline the next steps needed.

In this context, at the same time as adopting the social pillar on 1 March 2017, the European Commission launched a white paper process on the future of the EU. Accompanying the [white paper](#), five reflection papers were published too, also developing scenarios on specific topics of particular importance at European level, notably on the [social dimension of the EU](#), on [harnessing globalisation](#), on [deepening the EMU](#), on [the future of European defence](#) and on [the future of European finances](#). The paper on the social dimension of the EU offered three scenarios: i) focusing exclusively on the free movement of workers; ii) developing what would essentially be a multispeed Europe; and iii) genuinely deepening EMU across the EU-27. The reflection paper on harnessing globalisation highlighted the strong links between economic and social policies. An additional paper was published in February 2019, '[Towards a sustainable Europe by 2030](#)', and paved the way to mainstream the concept of sustainability across all portfolios. The reflection process was accompanied by a broad consultation involving stakeholders and citizens. Adopted at the May 2019 informal meeting of the EU-27 leaders in Sibiu, which marked the end of the reflection process, the [Sibiu Declaration](#) stressed the importance of a stronger, fairer and more united Europe that recognised 'the European perspective of the other European States'. However, it did not deliver a clear-cut decision concerning which of the three proposed paths the EU would take. European Commission President Ursula von der Leyen's [political guidelines](#) promised a fair transition for all towards a green and digital social market economy.

The role of the European Parliament

The outline of the social pillar appeared back in a 2012 Parliament legislative [resolution](#), whose rapporteur Marianne Thyssen (EPP, Belgium) later became Commissioner for Employment Social Affairs, Skills and Labour Mobility in the Juncker Commission and launched the social pillar. In its

resolution, Parliament called for a 'social pact', pointing out that 'binding supervision of the budgetary discipline in the euro area can and should complement fiscal and macroeconomic benchmarks with employment and social benchmarks to ensure the appropriate implementation of the abovementioned provision through adequate Union financial provisions'. The pact should promote: youth employment, including initiatives such as a European youth guarantee; high-quality and appropriate financing of public services; decent living wages; access to affordable and social housing; a social protection floor to guarantee universal access to essential health services regardless of income; the implementation of a social protocol to protect fundamental social and labour rights; European standards to manage restructuring in a social and responsible way; a new health and safety strategy, including for stress-related diseases; and equal pay and equal rights for work of equal value for all. Following 2012, several resolutions called for the 'socialisation' of EMU, particularly in the context of the social and employment aspects of the annual growth survey and the annual recommendations for the euro area.

Parliament also [called](#) on the Commission to 'carry out social impact assessment prior to imposing major reforms in the programme countries' and to consider the 'spill-over effects of these measures'. In response, the Commission prepared a [social impact assessment](#) within the framework of the new macroeconomic adjustment programme agreed between Greece and its creditors in August 2015. It was also supposed to be carried out in relation to any [further structural support reform programmes](#).

Parliament's January 2017 [resolution](#) on the social pillar proposed new measures to modernise legislation in the world of work, social protection and access to education. It also called for the governance of EMU to be strengthened within the EU's institutional framework under the current Treaties, while not ruling out future Treaty change or action to bolster the EU's budgetary capacity.

Implementation of the social pillar principles

Main issues

The big challenge has been around the implementation of the principles of the social pillar. The implementation primarily carried out by the Member States is to be supported by all existing EU policy tools relevant in the social domain: using tools both hard (legislation and, economic governance) and soft (policy development through mutual learning and guidance). The latter prevail in the policy areas relevant for the social dimension. In addition, whereas the EU's economic governance framework influences and impacts the social realm, there is no hard [social governance framework](#) in the same sense. Nevertheless there has been progress over the years on '[socialising the European Semester](#)' with an increasing emphasis on measuring social progress alongside economic progress, and placing more emphasis on social considerations when designing the country-specific recommendations. In this context, the European Parliament has been active and vocal in attempting to [soften fiscal discipline](#) within the EU's economic governance framework, along two main lines: establishing a [social imbalances procedure](#) modelled on the [macroeconomic imbalances procedure](#) and introducing a [convergence code](#). The former would address social problems that threaten social cohesion in a Member State owing to their social, economic and political implications. The latter – based on targets such as in the areas of taxation, labour mobility, pensions, investment, public administration and good governance – would serve to strengthen the links between meeting these targets relevant to upward social convergence and access to EU funds, and other EU economic reform instruments in combination with fiscal incentives.

There have also been [efforts to redesign](#) the new 2021-2027 multiannual financial framework (MFF) so that it does more to support the implementation of the social pillar principles and to mainstream the [social investment](#) principle.

At the end of its mandate, the Juncker Commission attempted to address one of the main bottlenecks in advancing social and employment policies in the EU by addressing issues of decision-

making in the field. In its [April 2019 communication](#), the Commission called for further debate on moving from unanimity in the Council to qualified majority voting, or from a special to the ordinary legislative procedure in some social policy areas, with recommendations in particular on social security and protection (excluding cross-border situations) and non-discrimination. This would be possible through the '[general passerelle clause](#)' (Article 48(7) TEU). This means that the European Council would have to decide to make these procedural changes by unanimity, with no national parliament objections, and with the European Parliament's consent. The final decision would therefore remain under the control of the national legislatures of the Member States. This initiative, however, has yet to be followed up.

Gothenburg: What has been achieved since?

By advocating a more holistic, integrated approach to production and distribution, the social pillar clearly demonstrates that EU social policy is not only about distribution and that the social dimension of the EU points beyond social policies to the social aspects of the economy, trade and agriculture, etc. In fact, EU policies influence core redistributive areas and also have the potential to trigger measures that are [pre-distributive](#) (e.g. policies on minimum wages) and growth-enhancing. In this context, there are two dimensions to analyse when it comes to the achievements of the social pillar initiative: the first is its concrete achievements, legislation, etc., and the second is its role in [changing the policy dynamic](#) that opens the door for larger changes, [similar](#) to the developments of the CFREU in 2009, and that can bring about [change](#) in interinstitutional relations and EU governance structures.

The [interinstitutional proclamation](#) of the social pillar in Gothenburg was an important moment in showing the commitment of the three EU institutions to strengthening the social dimension of the EU. The November 2019 [stock-take](#) at the end of the mandate of the Juncker Commission demonstrated that the social pillar had launched the revision of the existing EU '[social acquis](#)' and helped to identify gaps. The document identified 23 key initiatives in six main areas: asserting shared values – establishing a European pillar of social rights; renewing and modernising social legislation; establishing fair and enforceable rules for labour mobility; investing in youth and skills; relaunching the social dialogue and mainstreaming social priorities across portfolios, such as trade, the single market or energy. The initiatives were of both a legislative and a non-legislative nature, and some are still under negotiation, such as the [revision of the regulation on social security coordination](#). The Commission had also aimed to promote easier take-up and implementation of existing rules.

This diversity of the initiatives clearly shows the somewhat [ambiguous nature](#) of the social pillar. According to the 2018 staff working document on monitoring its implementation, the social pillar [blends old and new elements](#), i.e. recent and ongoing initiatives ranging from country-specific recommendations on minimum wages to a proposed regulation on [pan-European pension products](#), but also a proposal for a recast of the [Electricity Directive](#). The definition of what can be considered an initiative related to the social pillar is very open, and linking initiatives to the social pillar can be a source of political leverage. Finally, the territorial scope of the social pillar is also somewhat ambiguous, as it was originally conceived for the Member States of the euro area but the [Commission's recommendation on the social pillar](#) states that all Member States that so wish can be part of it.

By putting the issues of upward social convergence on the table, the social pillar also highlighted the seriousness of the growing divergence and inequalities between different groups of people, Member States and regions in the EU. The pillar also placed a major [emphasis on social rights](#), not least in relation to the sphere of fair working conditions and work transitions (including minimum wages and access to social protection for all), absent from the previous major social initiative, the 2013 [social investment package](#).

Towards Porto and beyond

New action plan on the social pillar

The January 2020 communication '[A strong social Europe for just transitions](#)' explained the European Commission's planned initiatives in support of the further implementation of the principles of the social pillar, in the context of achieving the von der Leyen Commission's twin objectives of green and digital transitions in a fair and inclusive manner, by not leaving anyone behind. It also launched a [10-month consultation](#) with stakeholders and the general public. Around a third of the [over 1 000 contributions](#) received came from organisations (mainly civil society organisations) and two thirds from citizens. The majority, over 40 % of the contributions, came from the national level and over 40 % came from EU-level organisations.

In addition, the [heavy toll](#) of the coronavirus crisis on European society has highlighted the urgency of the plan and of the follow-up actions. Many of the main impacts of the crisis have aggravated [existing social and labour market trends](#), including un- and [under-employment](#) and long-term unemployment; the (in)adequacy of existing social safety nets; and rising inequalities in terms of both income and social and [health outcomes](#). The Commission's [new recovery plan](#) of 27 May 2020 reiterated the idea of a fair and inclusive recovery, paying particular attention to fighting unemployment, improving skills (including digital skills), supporting pay transparency and a fair minimum wage, and taking further steps against tax evasion.

Building on the work ongoing since 2017, the new [action plan](#) of March 2021 sets out future action for the European Commission and for Member States to take so as to implement all the principles of the social pillar. It calls for the mobilisation of all available EU policy tools, ranging from funding programmes and the European Semester to legislation and policy recommendations in support of Member States' actions. The main areas of action include: more and better jobs (including better working conditions); skills and equality (investing in skills and education so as to provide opportunities for all); and social protection and inclusion (including by updating social protection systems to the current realities of life and work). It is accompanied by major initiatives, some already existing, some replacing or revising old ones and some to be put forward in the future. Among the recently launched initiatives are a proposal for an EU [directive on fair minimum wages](#), [youth employment support](#), and [SURE](#), temporary support to mitigate the risk of unemployment. The present and future initiatives include: an [EU strategy on the rights of the child together with a European child guarantee scheme](#); a [recommendation on effective active support for employment after the coronavirus crisis](#) (EASE); a proposal on improving the working conditions of platform workers; a platform of collaboration against homelessness; an initiative to ensure that competition law does not stand in the way of collective agreements for some self-employed people; and the establishment of a high-level group on the future of the welfare state.

The [staff working document](#) accompanying the action plan continues the very broad approach to the social dimension of the EU taken by the social pillar. It identifies currently existing initiatives in relation to the implementation of the principles, ranging from industry and the digital reform of public administration to policies around energy and drinking water.

Together with the three new headline targets proposed with a time-frame up to 2030 (in continuation of the social and employment targets of the [Europe 2020 strategy](#)) the action plan also provides for the revision of some of the indicators of the Social Scoreboard. The new proposal includes 17 headline indicators and 31 secondary indicators. The main differences in the proposed updated Social Scoreboard compared with the current one concern the addition, among the headline indicators, of the participation of adults in learning over the previous 12 months, the child poverty rate (AROPE), the disability employment gap, and the housing cost overburden. In addition, the upper age limit for the NEET rate indicator is extended from 24 to 29. Finally, the proposal also envisages reinforcing relevant benchmarking frameworks (e.g. on unemployment benefit schemes, active labour market policies) for the identification of specific policy parameters that can have a

positive impact on socio-economic outcomes, and which are accompanied by general principles for policy guidance and, when available, specific indicators.

Outlook beyond Porto

The Portuguese Presidency of the Council of the EU is focusing on the social dimension of both the recovery and the green and digital transitions. In this context, the [Porto Social Summit](#) to be held on 7-8 May 2021 will focus on the implementation of the action plan on the social pillar. Like the Gothenburg Social Summit, the Porto Summit will bring together Heads of State or Government, leaders of the EU institutions, social partners, civil society and leading experts and should endorse the new action plan on the social pillar.

The discussions will also be inspired by the European Parliament's [resolution](#) on 'a strong social Europe for just transitions' adopted in December 2020. The resolution calls for a key social programme to be adopted at the Porto Social Summit (the Porto agenda), including a strategic framework for achieving a sustainable, fair and inclusive social Europe by 2030. This means incorporating the social pillar within the EU Treaties and adding a protocol providing social rights at the same level as economic freedoms within the single market. It also entails adopting a sustainable development and social progress pact to make social and sustainable targets mandatory. In the same context, it suggests that the European Semester process should follow the Community method⁴ and be agreed between the Council and the European Parliament. The resolution also calls for more social policy areas – currently under unanimity – to fall under the qualified majority decision-making process, in particular (i) non-discrimination, (ii) social protection of workers (except for cross-border workers), (iii) protection of workers after the end of their employment contract, (iv) representation and collective defence of the interests of workers and employers, and the terms and conditions of employment of third-country nationals legally residing in the EU.

Despite some doubt during the transition from the Juncker to the von der Leyen Commission, the social pillar remains an essential frame of reference when designing policies for the fair, inclusive and sustainable recovery of the EU economy and also when it comes to achieving the twin objectives of the digital and green transitions. The pillar's holistic and rights-based approach has the potential to steer EU policies in a direction based on solidarity and collective problem solving. Several issues relating mainly to the implementation of the social pillar principles arise from discussion and early evaluations. First is the perennial question – raised for example by both the [European Economic and Social Committee](#) and the [European Committee of the Regions](#) in their respective opinions – of the extent to which these principles are really translating into enforceable, binding rights, especially in the case of vulnerable groups. Does the pillar really form a compass for a 'European social protection floor' with which all Member States will eventually comply, and that will resolve some of the [tensions](#) between international and EU law concerning social rights? Second, while there seems to be agreement around the relevance of the proposed new headline targets and the revised Social Scoreboard, there still seems to be [some disappointment](#) over the poverty target, as it seems to be staying significantly below the [2030 agenda of the sustainable development goals](#). The staff working document explains that the seemingly more modest target was chosen because of the expected adverse impact of the coronavirus crisis. Moreover, there are also concerns in relation to the lack of disaggregated data necessary for accurate monitoring. Third, it is not clear how the revision of the [economic governance framework](#) (including the European Semester) – held up by the pandemic – will affect the implementation of the social pillar. Finally, close to three quarters of the funding programmes within the 2021-2027 MFF and most of the investments through the new [Next Generation EU](#) (NGEU) instrument can be used to support the implementation of policies that could contribute to the update of the welfare state and labour markets. The guidelines for the [Recovery and Resilience Facility](#) (the biggest part of the NGEU) show the centrality of social considerations when designing policies. However, due to the relatively small size of the MFF⁵ compared with national budgets, its main function is to incentivise transformation and innovation on the ground that – in the longer term – can lead to systemic change. For that

reason, the way the MFF, combined with other EU policy tools, shapes both the quantity and quality of spending (i.e. governance mechanisms and institutions on the ground) is equally important.

MAIN REFERENCES

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Vanhercke B. et al, [Social policy in the European Union: 1999-2019 the long and widening road](#), 2020.

ENDNOTES

- ¹ At risk of poverty or social exclusion, abbreviated as AROPE, corresponds to the number of people who are either [at risk of poverty](#), or [severely materially deprived](#) or [living in a household with a very low work intensity](#).
- ² The concept of the social dimension of the European Union (EU) points beyond sheer employment and social policies regulated by Titles IX and X of the [Treaty on the Functioning of the European Union](#) (TFEU). Social and employment policies are strongly interlinked with other major policy fields, most importantly the economy, the public health system and education. Social considerations are part and parcel of all policy fields, and social and employment policies are woven into the fabric of society, directly affecting people's everyday lives. Both of these articles have implications for the content of the relevant EU policies and programmes and for the processes within which they are designed and implemented.
- ³ It was with the [Lisbon Treaty](#) that the Treaty establishing the European Community was renamed the 'Treaty on the Functioning of the European Union' (TFEU) and the term 'Community' was replaced by 'Union' throughout the text.
- ⁴ The [Community method](#) is a decision-making procedure that allows for the transparent, effective and democratic functioning of the European Union. It is based on the interplay between three autonomous institutions: the European Commission, the European Parliament, and the Council of the EU (also known as the 'institutional triangle').
- ⁵ At the time of the outbreak of the coronavirus pandemic the [EU budget](#) represented some 2 % of total public spending in the EU.

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