The Social Pillar already exists... but more effort is needed to strengthen it

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There is an unmet demand for a more social Europe in the EU. Asked what would strengthen the feeling of being a European citizen, 32% of the respondents replied: “a European social welfare system harmonised between the Member States”. This answer ranked higher than any other possible response, such as being able to use your mobile phone in all EU countries at the same price (23%), a European emergency response service to fight international natural disasters (22%) and having a European ID card in addition to national ID cards (20%) (Eurobarometer, 2014).

A recent survey of some 8,000 citizens in eight EU countries, coordinated by a group of think tanks and foundations, sheds further light on solidarity in Europe (Vision Europe, 2015). In all countries, except Finland, more than 50% of the respondents argued that the EU should ensure financial transfers from the rich to the poor member states. As many as 61% of those surveyed “strongly” or “somewhat” agreed on the need for solidarity between countries (striped bars in Figure 1). Moreover, some 76% (6,045 of the 8,000) believe that the EU should set minimum standards of social protection for all its member states (dotted bars).

Against these figures, one can argue that the concessions made by the Council in its deal with the UK in February point in a different direction. Heads of state and government agreed on the adaptation of child benefits to non-resident children of resident workers based on the cost of living, and to an exemption to in-work benefits for migrants. This clearly does not move in the direction of solidarity. Yet, the interest of governments does not necessarily coincide with those of its citizens: faced with elections, many might have simply decided to give in to the welfare tourism discourse, rather than to fight it. One could even argue that is the lack of action from Brussels in the social domain that fuels the success of Eurosceptics, especially right-wing extremists. The sentiment of frustration and disappointment can push many to look back at national solutions to address supranational problems, such as the refugee crisis, if the EU does not prove willing or able to deliver.

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Figure 1. EU citizens’ attitudes towards a more social Europe

Note: The bars show the share of respondents who “strongly” or “somewhat” agree with the following statements: “The EU should ensure financial transfers from the rich to the poor MS” (dotted bars) and “The EU should set minimum standards of social protection for all its member states” (striped bars).

Source: Author’s elaboration on Vision Europe data.

On the 8th of March, the European Commission announced its intention to develop a European Pillar of Social Rights. The preliminary outline contains an inventory of social rights, categorised across 20 different issues: from skills and support for employment, to healthcare and disability benefits. It would apply to members of the eurozone, but other EU countries would be free to join. The intuition here is correct: “divergence” is the keyword that qualifies the euro area since the beginning of the Great Recession. The question is: How can the Commission fulfil the demand for a more social Europe? The answer to this complex question is sketched below along two lines: scope and approach.

In terms of scope

If we assume that there is demand for a more social face of the EU, how does one move in that direction? The path towards a Social Union can be divided in three steps, illustrated in Figure 2. The first is simply the point of departure, where there is no activity at the supranational level in the social domain: each country takes care of its own social policies. This was the case in the earlier stages of the European integration. In the second step, coordination begins. A big step in this process was the creation of the European Employment Strategy (EES) in 1997, which created an official mechanism for member states to exchange views on social policies and monitor common goals. The ultimate step is the creation of a Social Union, where the objectives of stabilisation and redistribution, around which social policies can be categorised, can be directly addressed. Stabilisation calls for policies in which net transfers from the Union to the regions are only a function of the rate of change in economic activity; while redistribution implies that net transfers are a function of variables related to the relative...
level of economic activity (Goodhart & Smith, 1993). The latter refers to the structural differences between entities, while the former is based on the position in the cycle.

All of the initiatives taken without a specific budget attached to them fall within the ‘coordination’ domain. The list includes the European Employment Strategy (EES) and the EU2020 strategy, but also legislation, like the working time Directive, aimed at creating minimum standards. Often the standards agreed are not particularly demanding and only have an impact on marginal categories in a few countries, such as junior doctors whose work week often exceeds 48 hours (Barysch, 2013).

The turning point in this process that leads to the third phase is the Youth Guarantee. If one wanted to detect the quantum leap from the second to third step in the construction of a Social Union, one would definitely have to check the Council Conclusions of June 2013, when, under the gigantic pressure of a public discourse characterised by tragic headlines, European leaders decided to create a policy – with a dedicated budget – to address the social and labour market exclusion of youths. This initiative relaunched a process that had been kick-started in the 1980s, with the creation of the Cohesion Funds, at a time when the idea that everyone benefits from convergence was strong.

One could argue, therefore, that the building blocks of a Social Union already exist, but in an embryonic form, especially due to the limited budget attached to them. The expenditure on economic and social cohesion today constitutes 37.22% of the EU budget, which amounts to approximately 1% of EU output.

*Figure 2. Moving towards a Social Union in 3 main steps*

For the Social Pillar to have a strong impact, the European Commission needs to successfully manage to shift the balance from pure coordination towards redistribution and stabilisation. For that to happen, existing policies, e.g. cohesion funds, need to be expanded, whereas others will need to be created from scratch, like a European unemployment benefit scheme.

**Approach: A stronger role for social partners**

According to the press release, the social partners are expected to play an active role in shaping the Social Pillar and will be consulted on various occasions throughout 2016. Their role is therefore foreseen but not strengthened. When translated into action, these words need to be taken as seriously as possible. If not, the initiative will translate into a missed opportunity, for two reasons. A stronger role for social partners could, on the one hand, be a smart way to take certain issues out of the hands of the Council and move away from the intergovernmental approach that characterises the social pillar of the EU.
On the other hand, it would strengthen the democratic legitimacy of the Union which, as the Nordic model teaches, is not only based on elections, but can come from the close cooperation between social partners.

Then how should one see the glass?

Half-full or half-empty? Those who tend to gravitate towards despair, discouraged by the current debates, will naturally feel disappointed. The draft Social Pillar contains neither the tools nor the resources to fulfil the promise of the “Social Triple A” promised by President Juncker in his State of the Union speech in September 2015. The preliminary outline that sets the basis for the consultation looks like an inventory of existing rights and policies.

The more optimistic observer will acknowledge that the Social Pillar of the EU has always been thinner than the economic pillar and that a generalised lack of trust has impeded higher forms of solidarity. In this context, the Social Pillar has the merit of keeping the debate alive via the consultation that will be concluded only after the Brexit storm has subsided. Moreover, optimists also know that a Social Union already exists, even if in an embryonic form, and that it takes a longer period of time to create a new policy than to expand the budget and the coverage of an existing one.

References


