

A European Pillar of Social Rights

Potential and *caveats*

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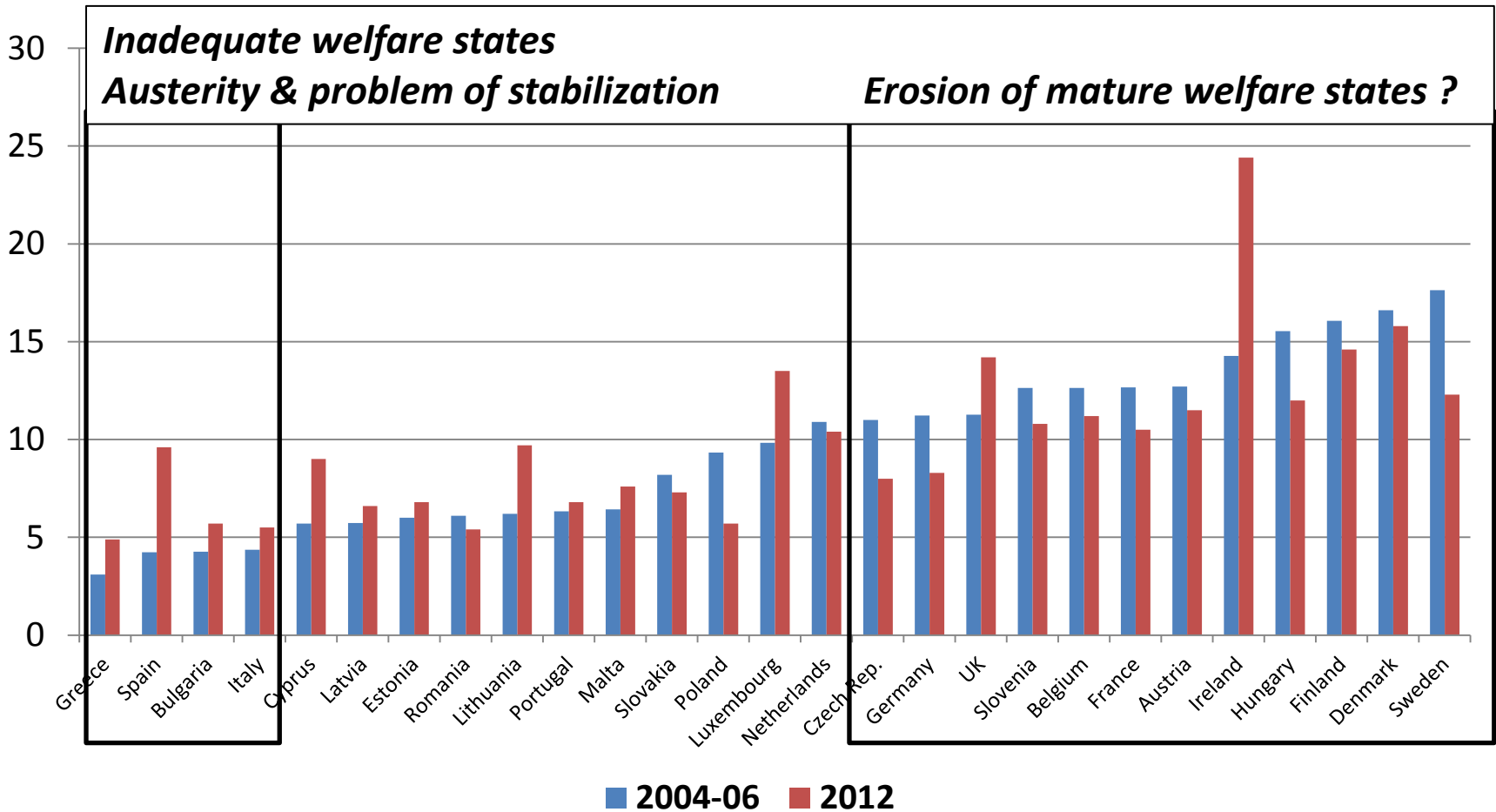
Seminar on Work, Welfare and Inequalities in Europe

Brussels, 10 October 2016

A basic consensus on the social objectives of EMU/EU is a necessity...

- ... for the EU to be a union of well-functioning welfare states (social & economic stabilization; upward convergence)
- Arguments related to EMU
- Arguments related to EU28 (now 27)
- A European Pillar of Social Rights: potential & *caveats*

Social and economic stabilization: the contribution of transfers (*not* pensions) in the reduction of poverty



Source: Eurostat, own calculation of 'poverty reduction by transfers (excl. pensions)', total population, SILC 2005-2007 en SILC 2013

A basic consensus on the social objectives of EMU is a necessity

- The problem of stabilization => any 'Eurozone re-insurance' of national stabilization policies presupposes (a) minimum requirements w.r.t. the adequacy of national unemployment insurance and the concomitant labour market regulation; and (b) general trust in the quality of each other's social fabric.
- More generally, EMU forces upon the member states :
 - a shared conception of labour market flexibility (and , hence, security)
 - symmetric guidelines on wage cost competitiveness (e.g. 'golden rule' linking wages to productivity) & institutions that can deliver (importance of coordinated collective bargaining)
 - long term: sustainability of pensions
- The need for conceptual clarity: a *European Social Union* ≠ a European Welfare State

Arguments related to EU28 (now 27)

- An inevitability of European Monetary Union;
- Upward convergence across the EMU/EU28 requires a combination of social investment, sufficiently egalitarian background conditions and social protection
- Freedom of movement and national social cohesion in EU: a ‘balancing act’ is possible, based on sound and consistent principles
 - Non-discrimination of mobile workers / delineated role for posting
 - ‘Social dumping’ related to mobility: also depends on domestic labour market regulation
 - Economic freedoms ⇔ right to strike (*Viking, Laval*)

A European Pillar of Social Rights: arguments

- A basic consensus about the general features of the ‘social order’ that is associated with the Monetary Union is a necessity; the EPSR can contribute to such a consensus.
- Upward convergence across the EMU/EU28 requires a combination of social investment, sufficiently egalitarian background conditions and social protection, as embodied in the EPSR.
- Cross-border mobility must be embedded in employment relations of sufficient quality: a role for EPSR

A European Pillar of Social Rights: *caveats*

- The expression ‘rights’ creates expectations
- If the perception is that the EPSR is a ‘replay’ of earlier initiatives based on soft coordination, the initiative will frustrate expectations and backlash
- There is a need both for *social benchmarking* and for a *legislative* agenda; two relationships are to be clarified:
 - The relation between the EPSR and the new *social benchmarking* initiative announced by the Commission in its Work Programme 2016 and its Communication of 21.10.2015 on the follow-up of the Five Presidents’ Report
 - The relation between the EPSR and the legal *acquis* in domains in which the EU has legislative competences
- A link is needed with the ‘hard’ agenda on the completion of EMU, notably the case for a Eurozone stabilization capacity (cf. *supra*, ‘re-insurance’ and minimum requirements)
- The EPSR should be discussed and consolidated at the highest political level (cf. the political salience of the Fiscal Compact)

Resources

- 1) Vandenbroucke, Automatic stabilizers for the Euro area and the European Social Model, Tribune, Notre Europe Institut Jacques Delors, 22 September 2016 (<http://www.institutdelors.eu/media/stabiliserssocialeurope-vandenbroucke-jdi-sept16.pdf?pdf=ok>)
- 2) Vandenbroucke and Rinaldi, Social inequalities in Europe – The challenge of convergence and cohesion. In: Vision Europe Summit Consortium (eds.): *Redesigning European welfare states – Ways forward*, Gütersloh (<http://www.vision-europe-summit.eu/>)
- 3) Vandenbroucke, The Case for a European Social Union. From Muddling through to a Sense of Common Purpose, in Marin, B. (Ed.), *The Future of Welfare in a Global Europe*, Ashgate: Aldershot UK, 2015, pp. 489-520.
- 4) Vandenbroucke, A European Social Union: Unduly Idealistic or Inevitable?, European Debates, 7, European Investment Bank Institute, September 2015 (<http://institute.eib.org/wp-content/uploads/2015/09/A-European-Social-Union-Unduly-Idealistic-or-Inevitable.pdf>)
- 5) Vandenbroucke, Sociaal beleid in een muntunie: puzzels, paradoxen en perspectieven, Inaugural Lecture at the University of Amsterdam, 1 June 2016 www.frankvandenbroucke.uva.nl

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