

From the Gothenburg Summit to a Social Union...

we need both clear thinking and hands-on delivery

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The European Pillar of Social Rights signals a new paradigm

- The functional necessities of EMU:
 - EES: supply-side flexibility
 - New insight: labour market institutions that support stability

EMU: common standards for *resilient* welfare states

- Cluster of policy principles for an effective 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
- Labour market institutions that can deliver on wage coordination:
 - institutions that monitor competitiveness should be embedded in social dialogue, and distributive concerns should be mainstreamed in the monitoring of competitiveness.

=> Convergence in **some**, key features of Eurozone welfare states

The European Pillar of Social Rights signals a new paradigm

- The functional necessities of EMU:
 - Traditional view: supply-side flexibility
 - New insight: labour market institutions that support stability
- The European aspiration: the simultaneous pursuit of economic progress and social cohesion, both *within* countries (development of the welfare states) and *between* countries (upward convergence across EU)
 - Traditional view: market integration and cohesion policy
 - New insight: human capital, through social investment policies

Upward convergence, human capital and inequality

- EU should stimulate and support MS to develop ‘*dual use*’ policy packages that pursue both upward convergence across MS and internal cohesion within MS.
- Upward convergence in the quality of human capital is a key condition for long-term upward convergence across the EU. Reducing background inequalities between families with children and investing in child care and education contribute both to national cohesion and to EU-wide convergence.
- “Rising income inequality has a significant impact on economic growth, in large part because it reduces the capacity of the poorer segments – the poorest 40% of the population, to be precise – to invest in their skills and education.” (OECD, *In it Together*, ... 2015)

Overlapping priorities, for resilient EMU and upward convergence

- 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

- effective collective bargaining

- coverage, transparency and predictability of minimum wages

- investment in education and ECEC

- better income protection and employment perspectives for households with weak attachment to labour markets (minimum income protection / incentives / support for low-skilled labour...)

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

Thank you

- Vandenbroucke, From the Gothenburg Social Summit to a European Social Union, *Social Europe*, 27 November 2017, <https://www.socialeurope.eu/gothenburg-social-summit-european-social-union>
- Vandenbroucke, Barnard, De Baere (eds.), *A European Social Union after the Crisis*, Cambridge: Cambridge University Press, September 2017, <https://doi.org/10.1017/9781108235174>
- Vandenbroucke, *Structural convergence versus systems competition: limits to the diversity of labour market policies in the European Economic and Monetary Union*, ECFIN discussion paper 065, European Commission Directorate-General for Economic and Financial Affairs, Brussels, 20 July 2017, <http://ssrn.com/abstract=3008621>

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