

# 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

- 1) Vandenbroucke, Barnard, De Baere (eds.), *A European Social Union after the Crisis*, Cambridge: Cambridge University Press, September 2017.  
<https://doi.org/10.1017/9781108235174>
  - 1) Introductory chapter in Open Access on [www.frankvandenbroucke.uva.nl](http://www.frankvandenbroucke.uva.nl), item 263;
  - 2) **Part III, Legal and Institutional Challenges**
- 2) Vandenbroucke, Social policy in a monetary union: puzzles, paradoxes and perspectives, in: Boone, Marc; Deneckere, Gita & Tollebeek, Jo (eds.), *The End of Postwar and the Future of Europe - Essays on the work of Ian Buruma*, Verhandelingen van de KVAB voor Wetenschappen en Kunsten. Nieuwe reeks, 31, Uitgeverij Peeters, 2017; accessible on [www.frankvandenbroucke.uva.nl](http://www.frankvandenbroucke.uva.nl);
- 3) 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, accessible on [www.frankvandenbroucke.uva.nl](http://www.frankvandenbroucke.uva.nl)