

Domestic social cohesion and cross-border mobility: a tragic dilemma?

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Outline of the presentation

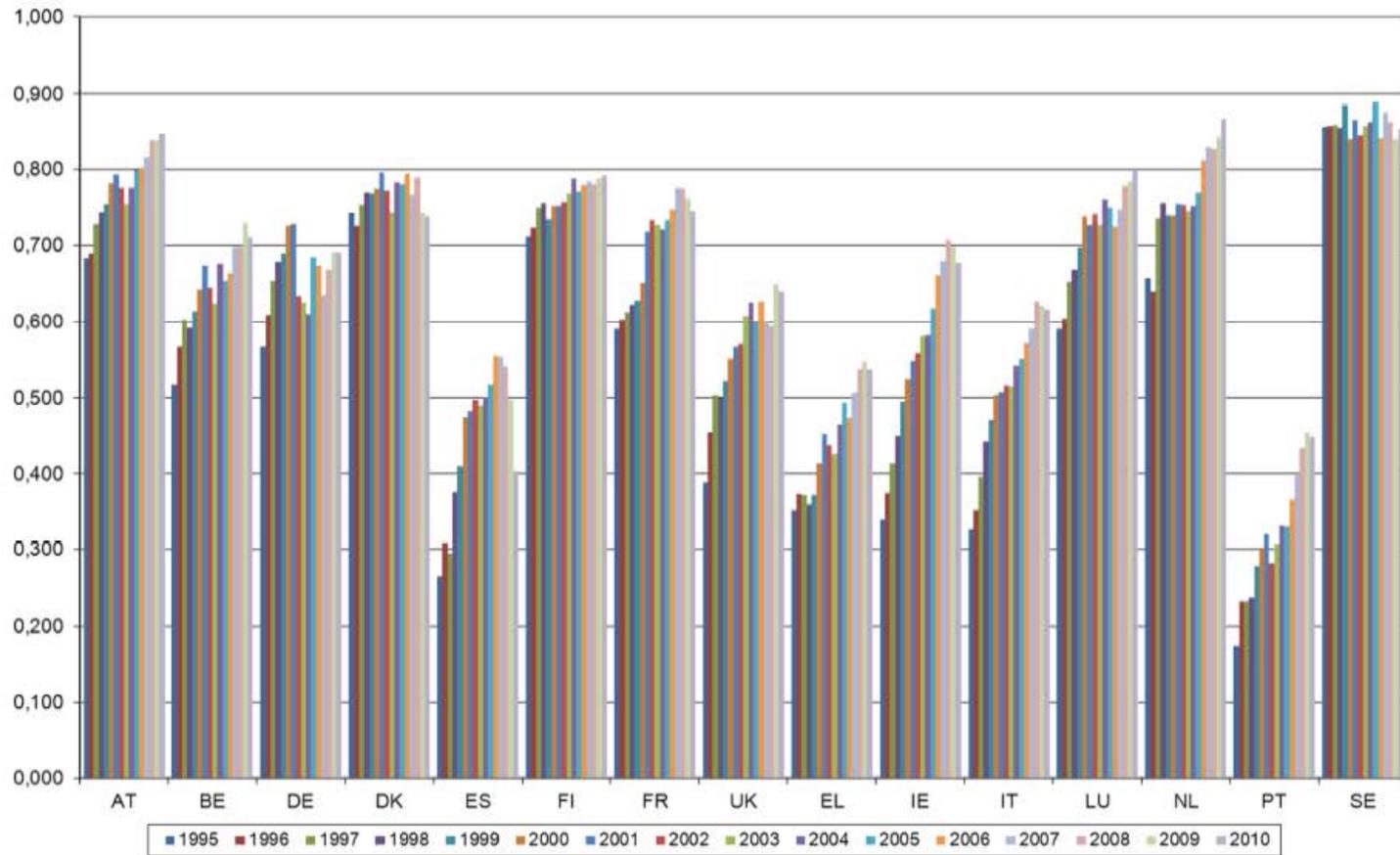
- Historical perspective
- Mobility and migration: facts on labour mobility
- Intra-EU mobility: principles and policies
- EU integration and the cohesion of national welfare states
- The European Pillar of Social Rights

The social dimension of the European project according to the *founding fathers*: a belief in convergence

- European integration would support the simultaneous pursuit of *economic progress* and of *social cohesion*, both *within* countries (through the gradual development of the welfare states) and *between* countries (through upward convergence across the Union)
- Initial division of labour:
 - economic development: supranational
 - coordination of social security rights & anti-discrimination: supranational
 - social development: national sovereignty (in theory)
- The convergence machine worked... more or less... until 2004/2008.

Social dumping...

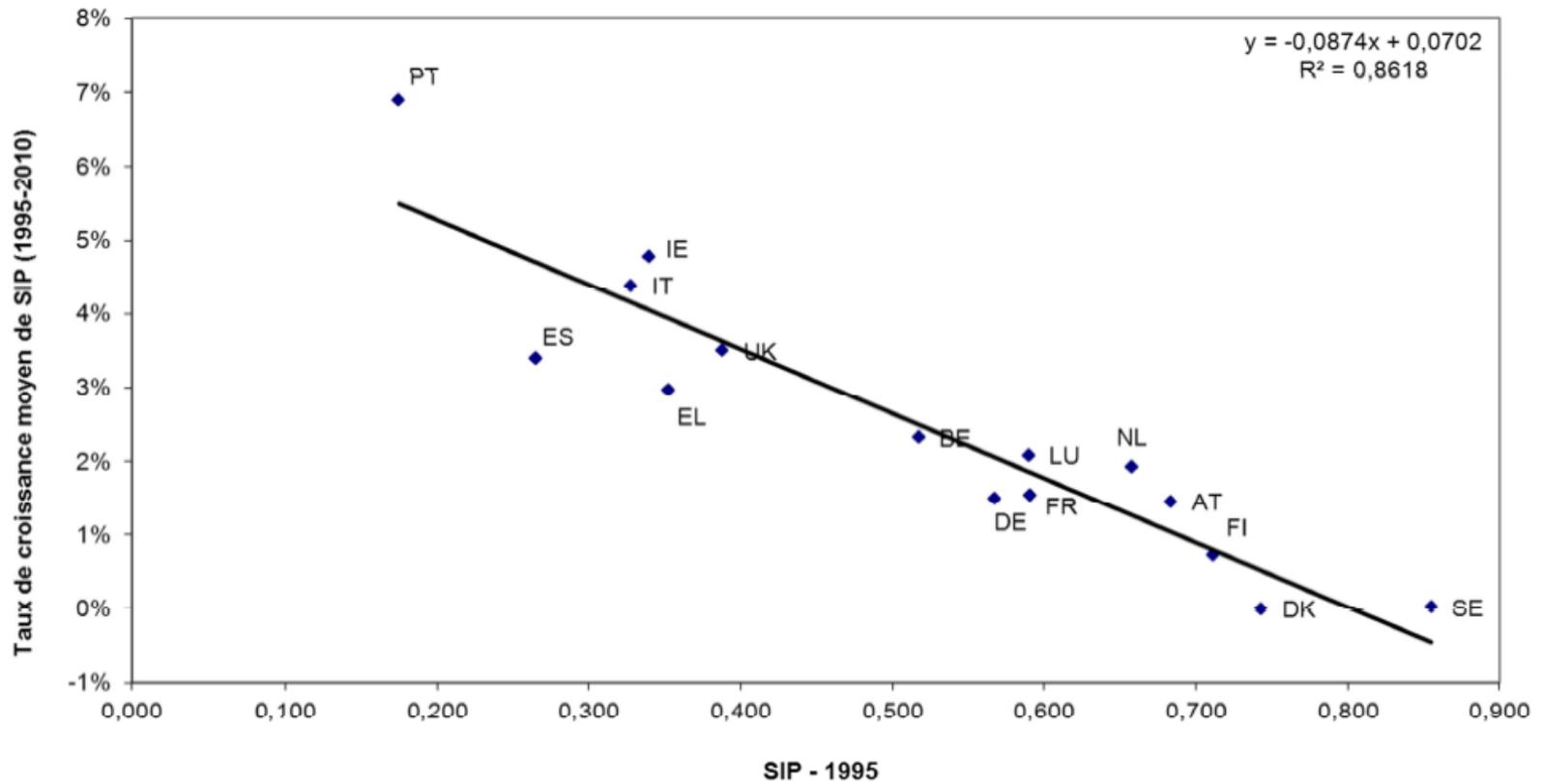
Figure 5 : Evolution des SIP, UE15 1995-2010



Source: Lefebvre and Pestieau

... or “convergence machine”?

Figure 6 : Convergence des SIP, UE15 1995-2010

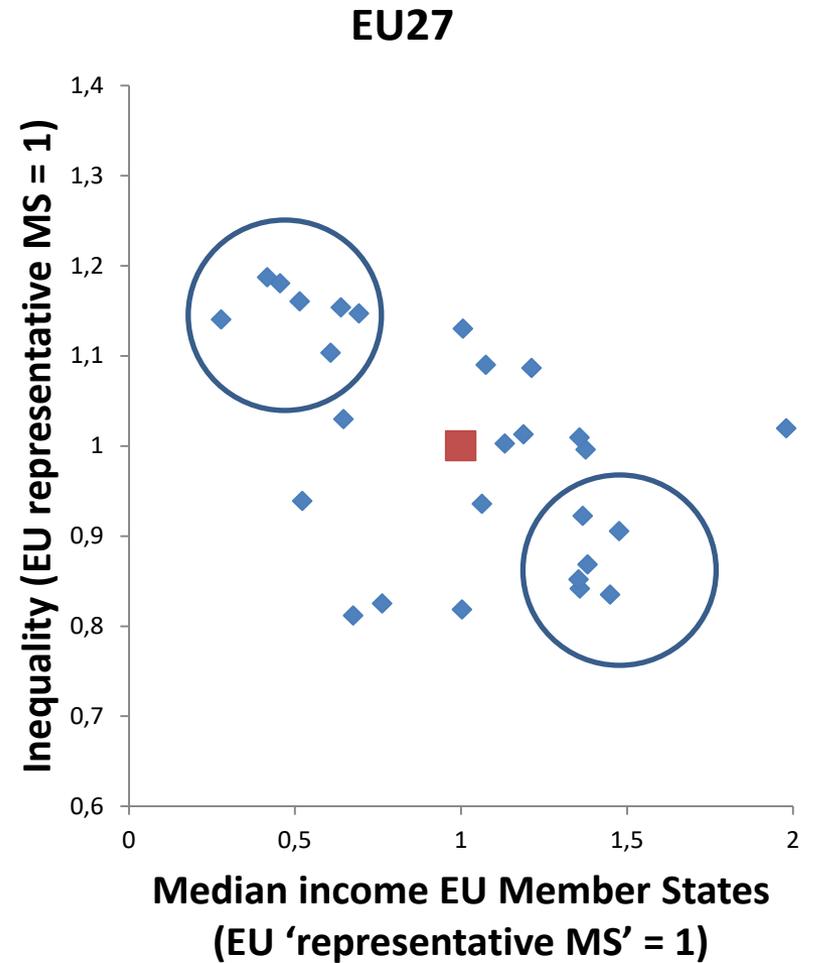
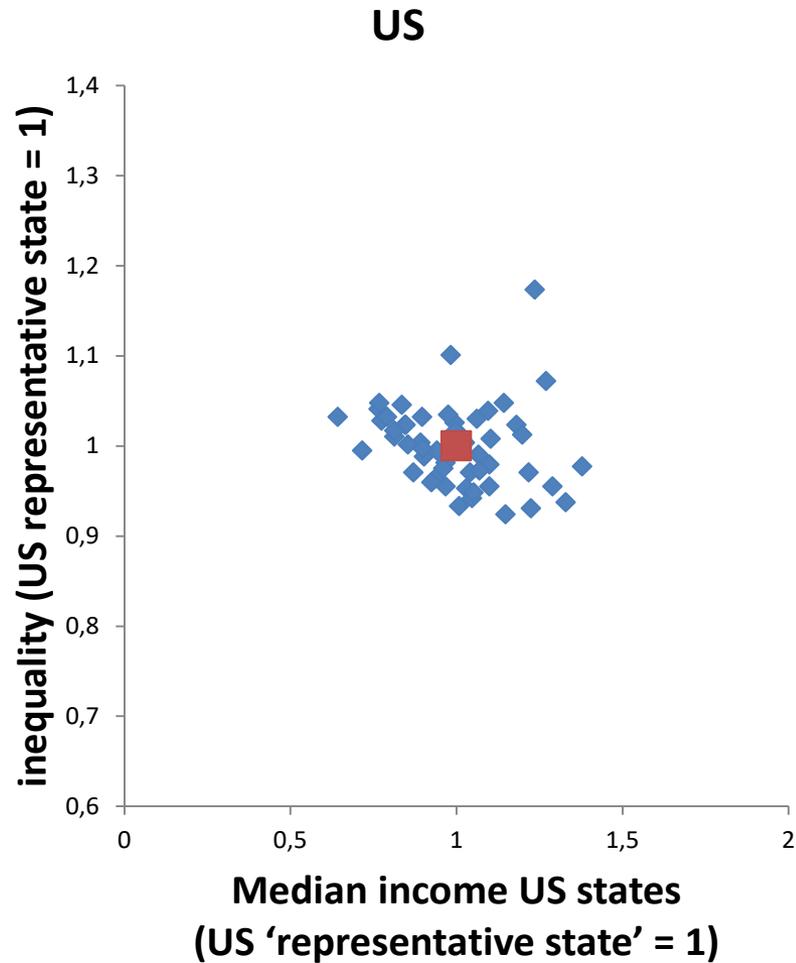


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- A **tragic dilemma** of integration in the enlarged and heterogeneous EU?

Inequality in Europe



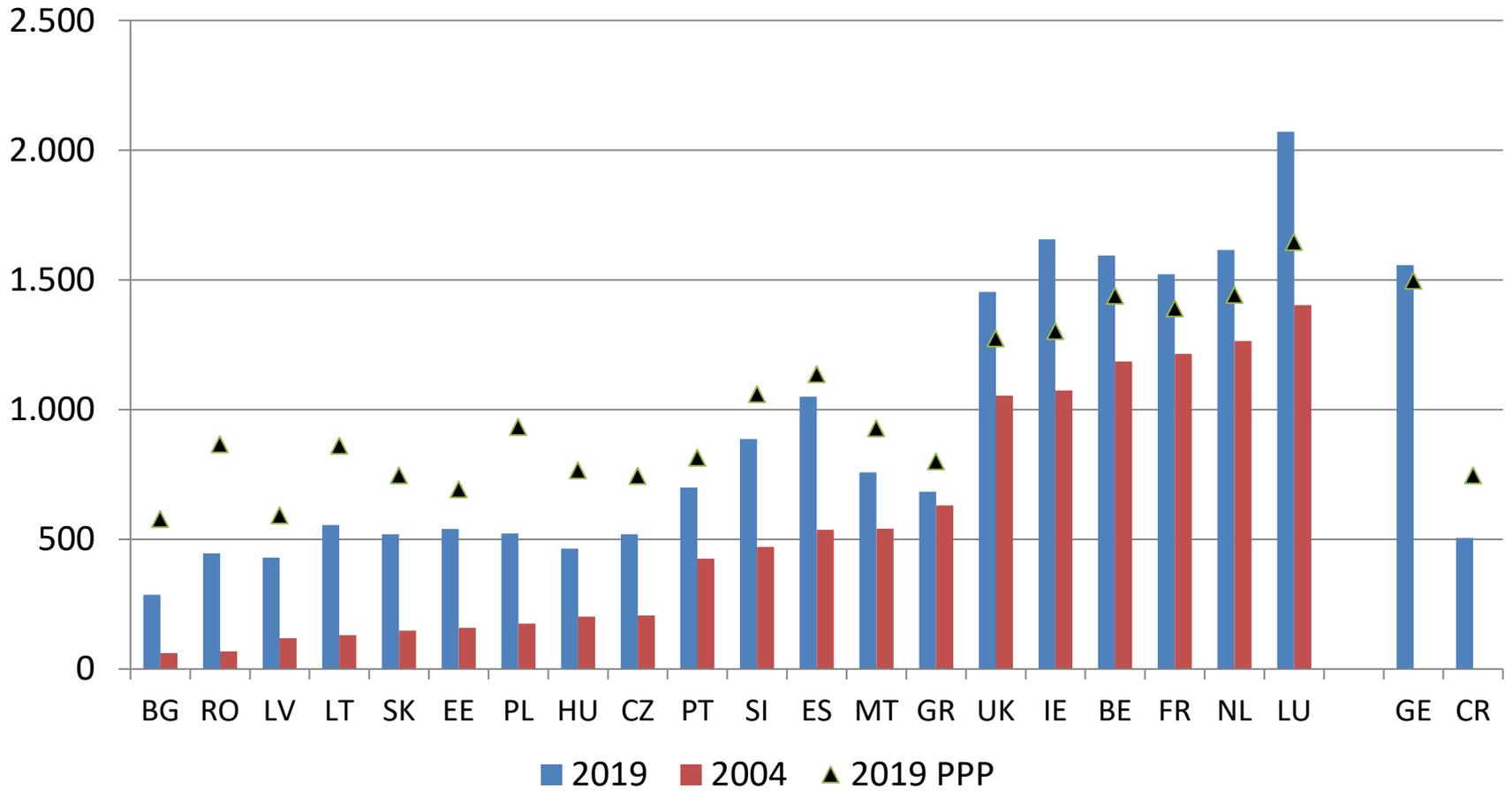
European income distribution: a moving scale



	Romania	Denmark
Top quintile 4	32%	133%
Top quintile 3	30%	140%
Top quintile 2	28%	145%
Top quintile 1	23%	152%

100% = average of 27 Member States

Monthly minimum wages



How to avoid messy debates on mobility and migration?

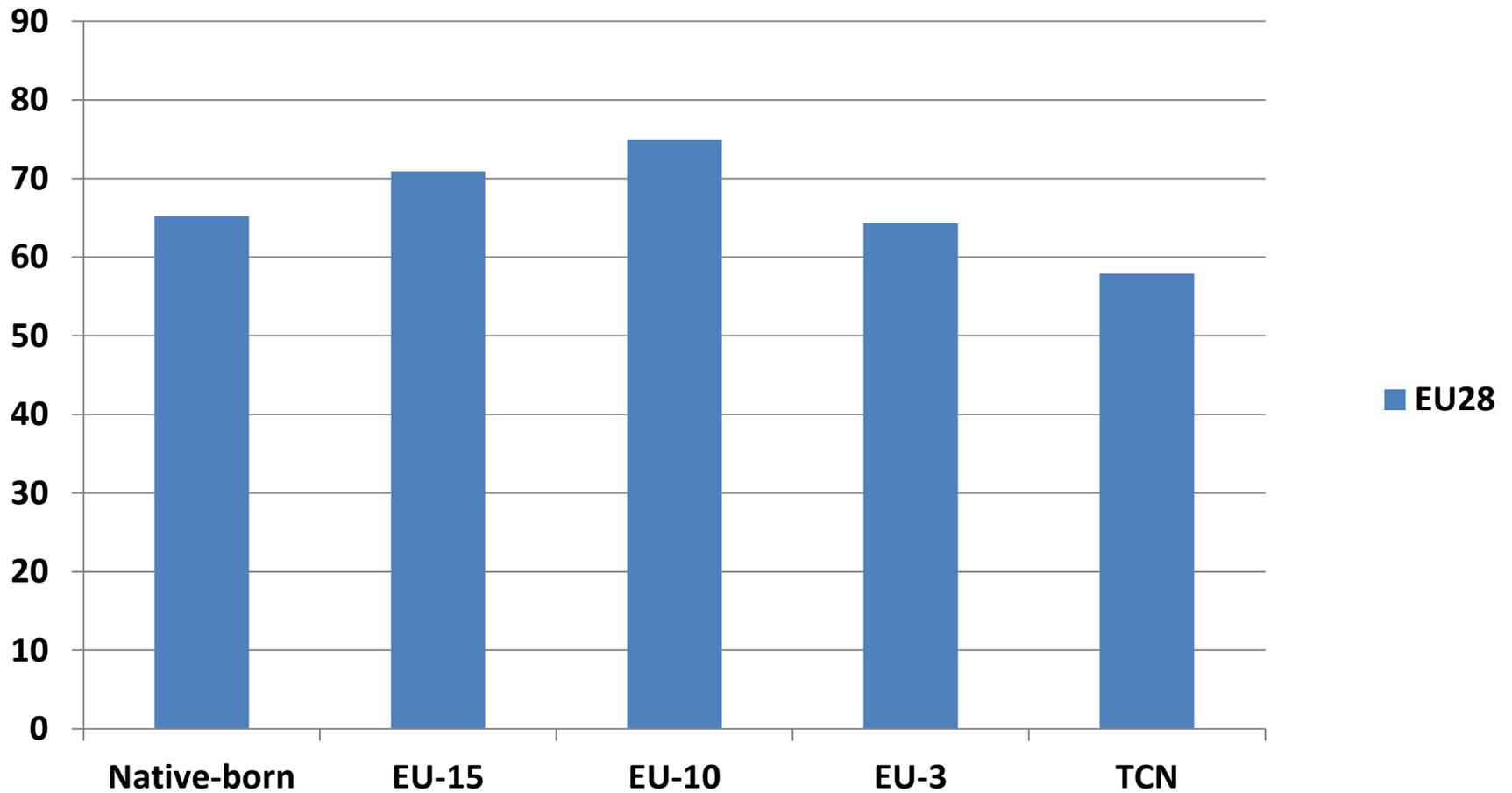
We must distinguish:

- internal mobility and external mobility to EU
- a debate framed in 'rights' and a debate framed in 'consequences':
 - fairness in terms of rights
 - fairness in terms of economic and social consequences for sending and receiving countries
- economically active and economically non-active
- short-term and long-term impacts
- impacts on individual countries and impacts on the EU as a whole

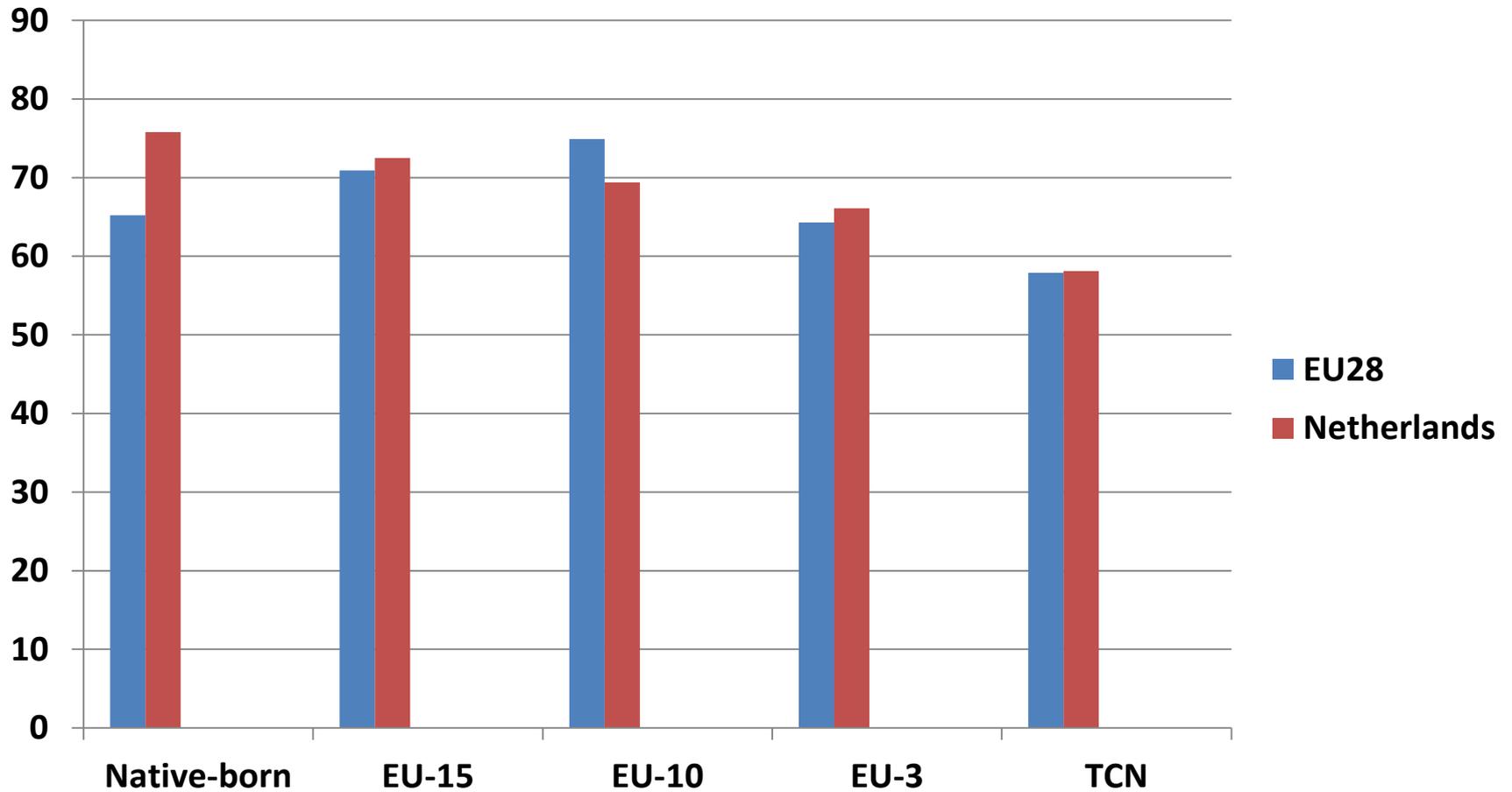
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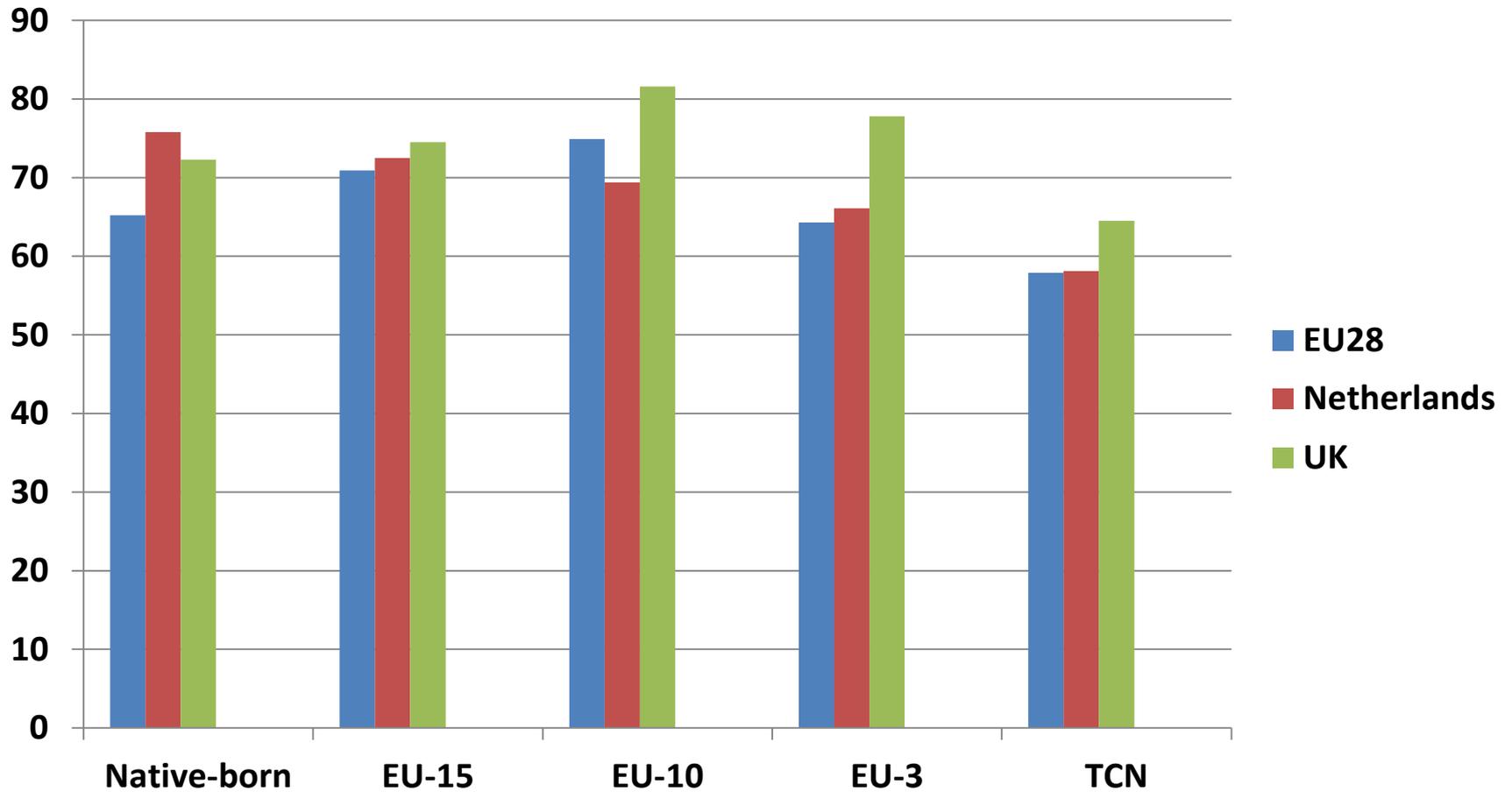
Employment rates (15-64, 2014): EU-wide



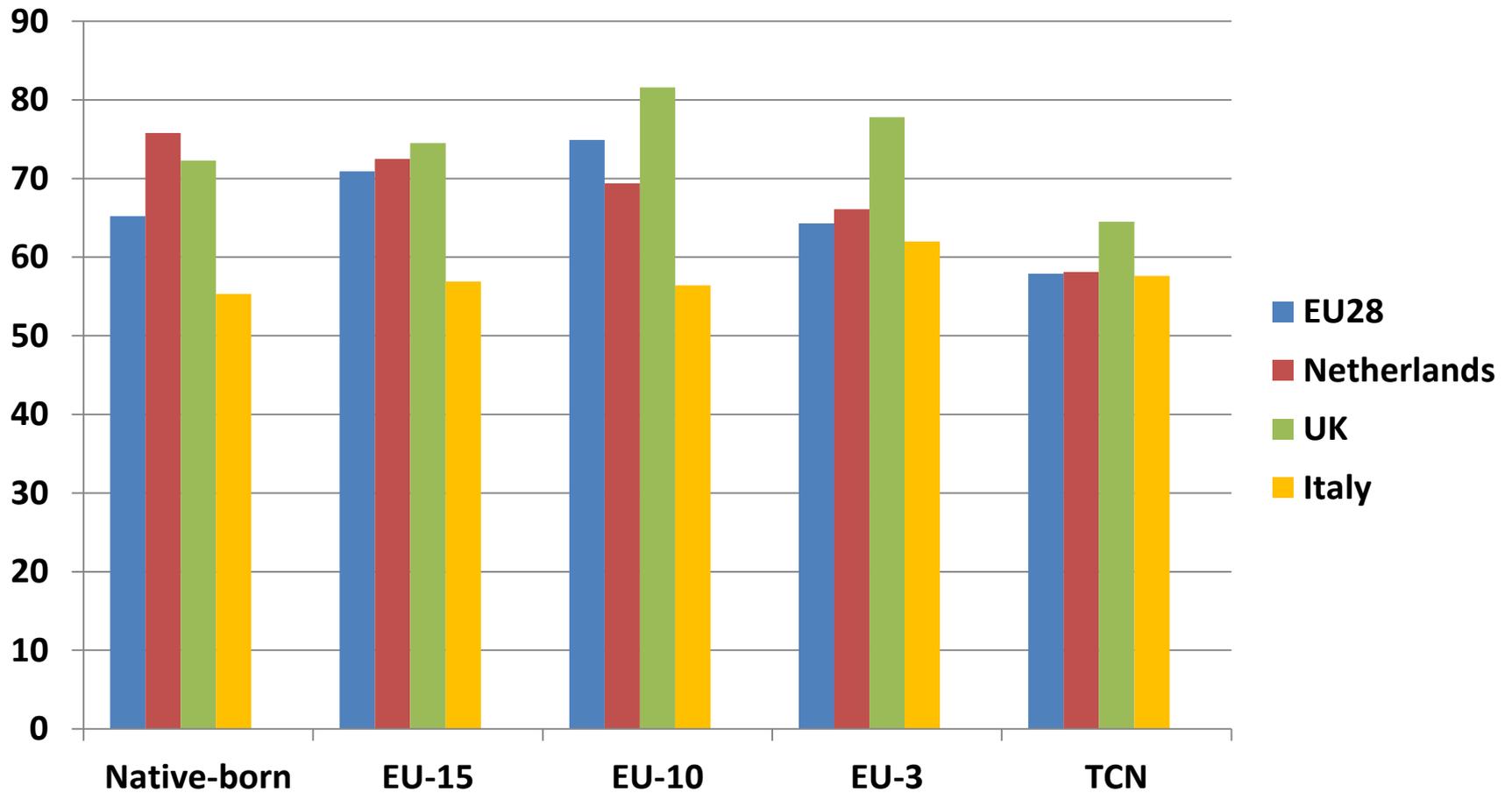
Employment rates (15-64, 2014): national differences



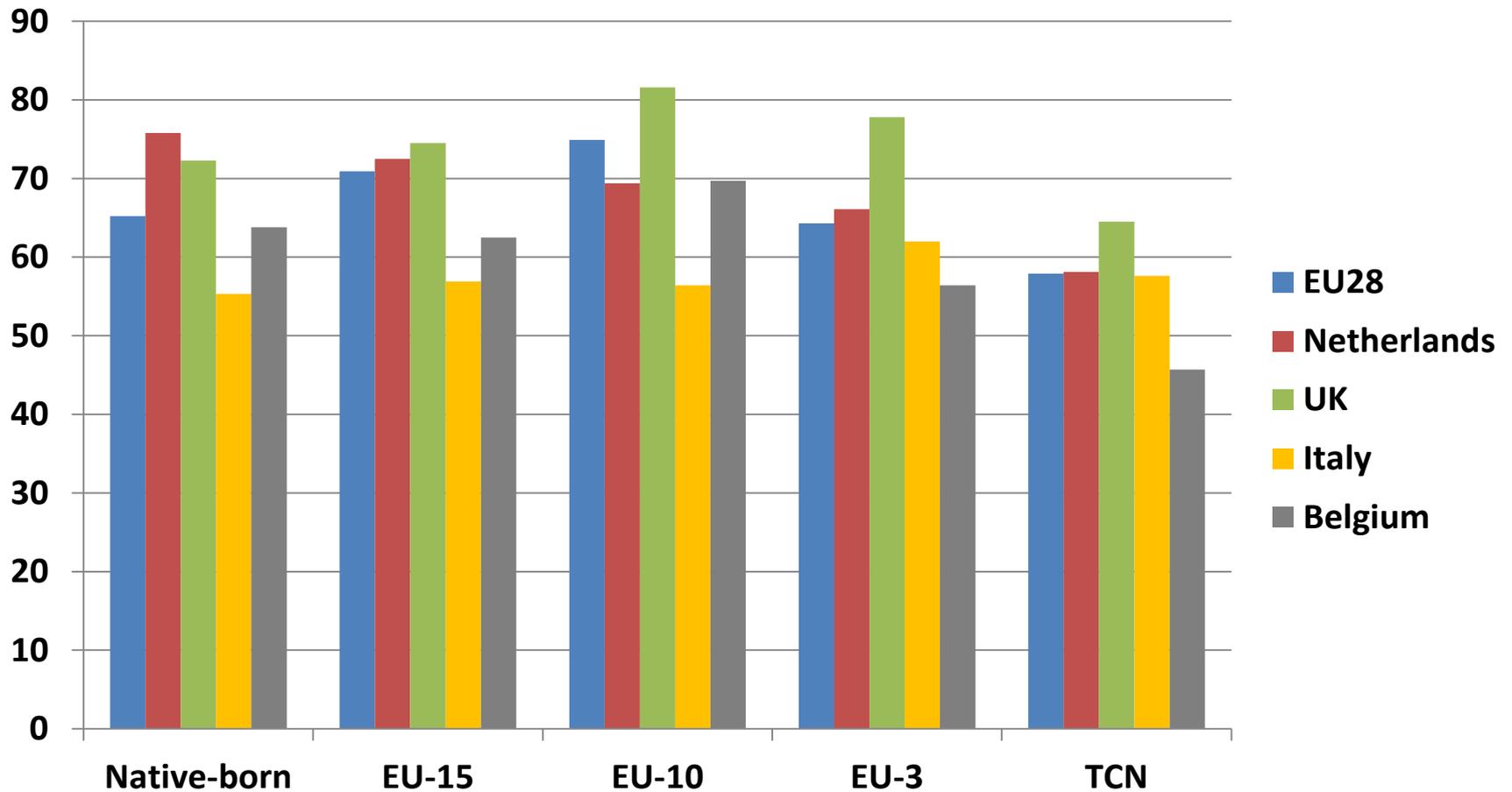
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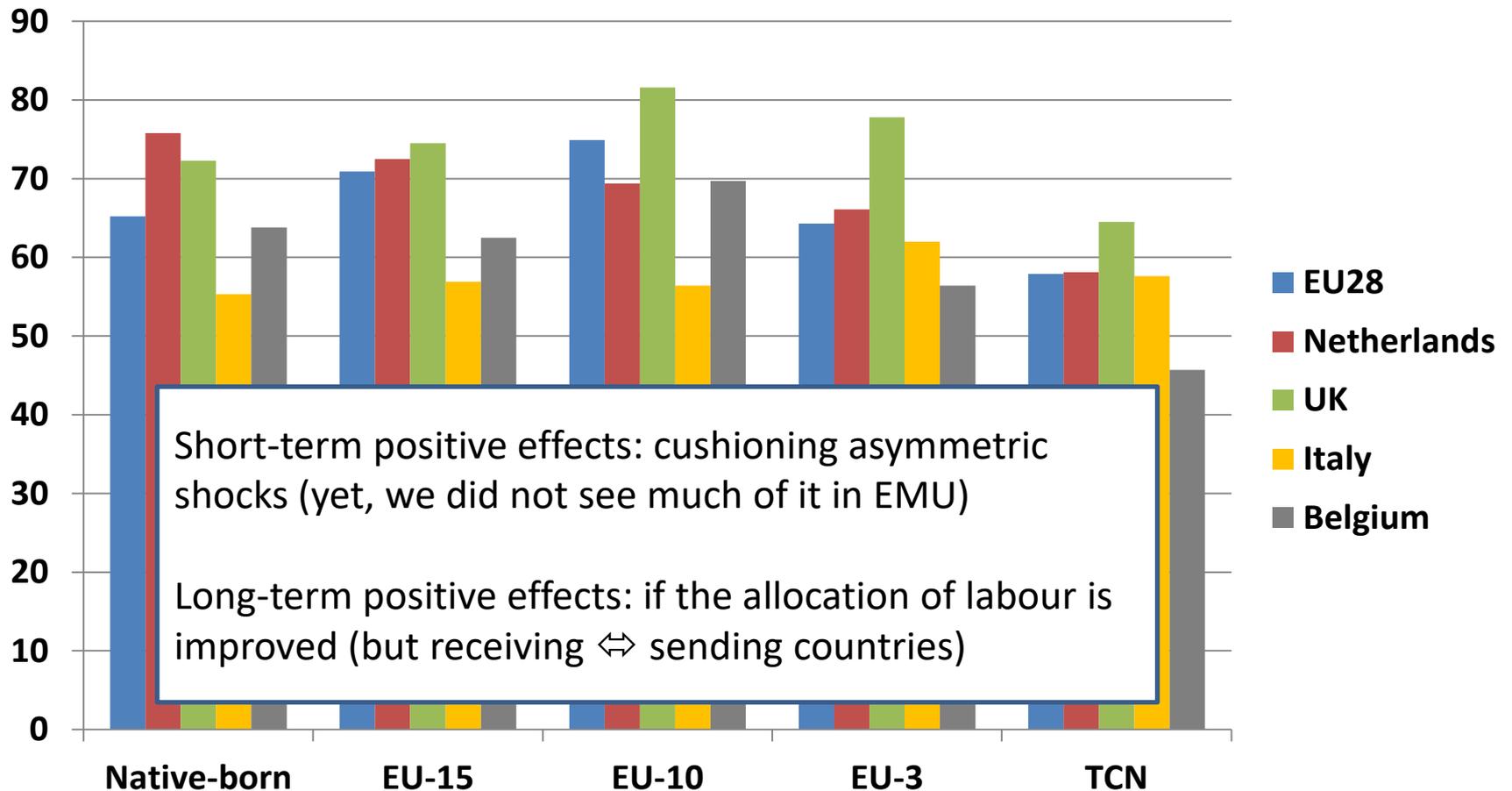
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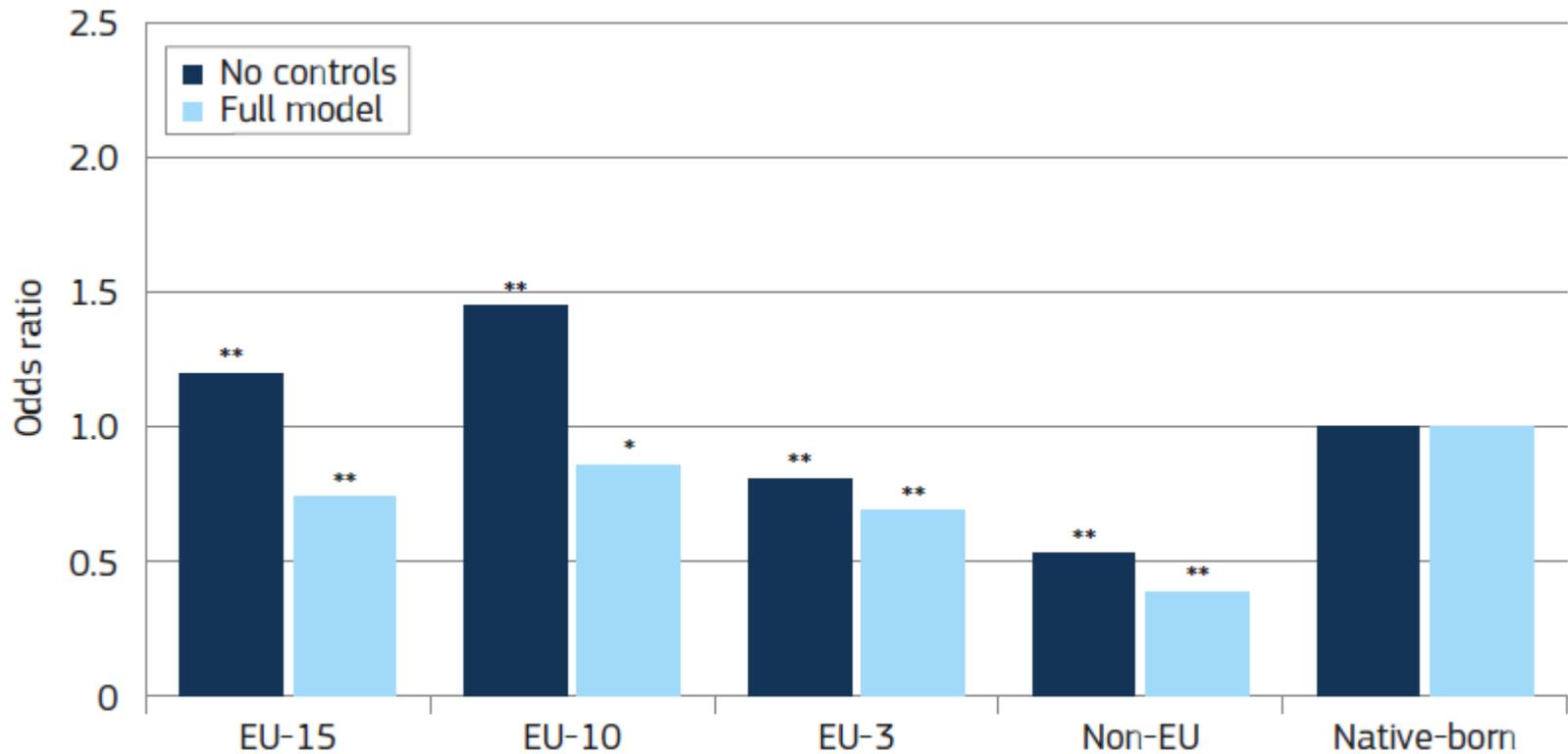
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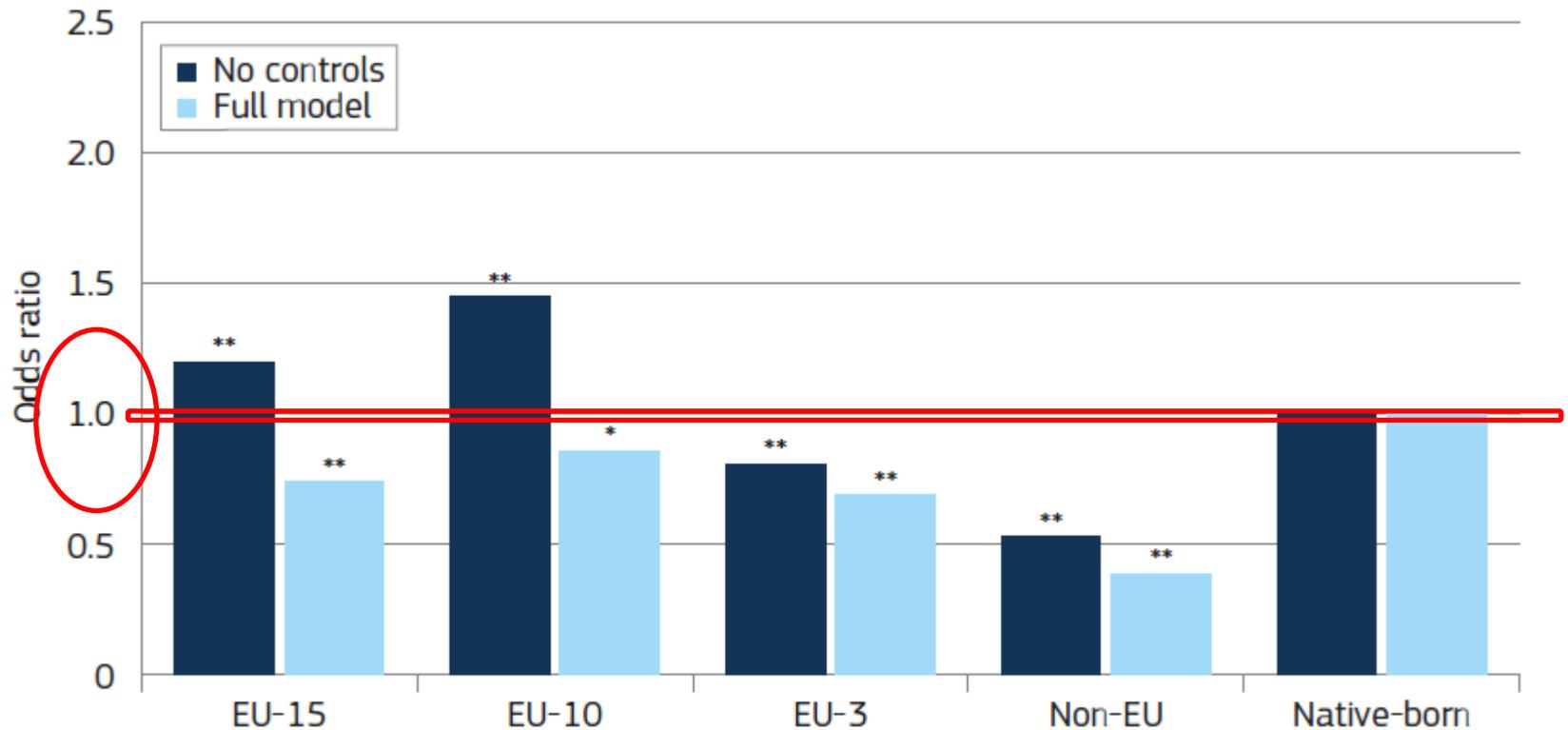
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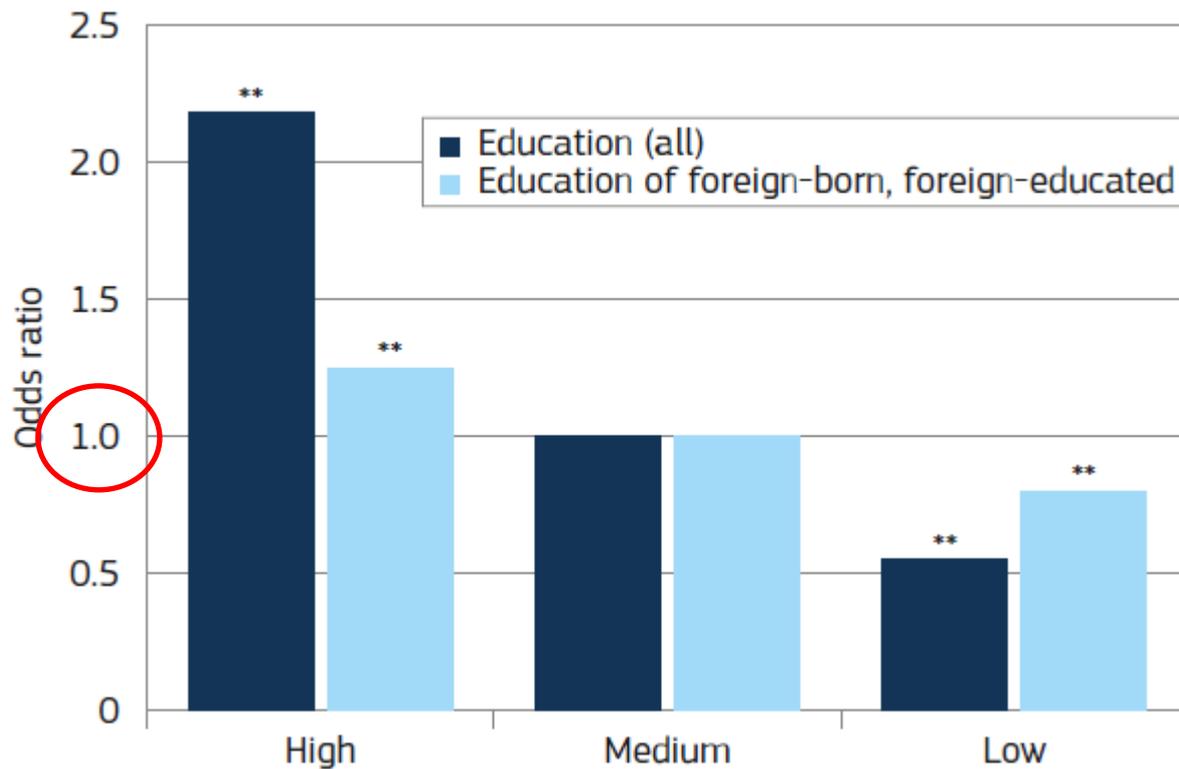
Digging deeper into employment rates: by region of birth (ESDE, chart 7a)



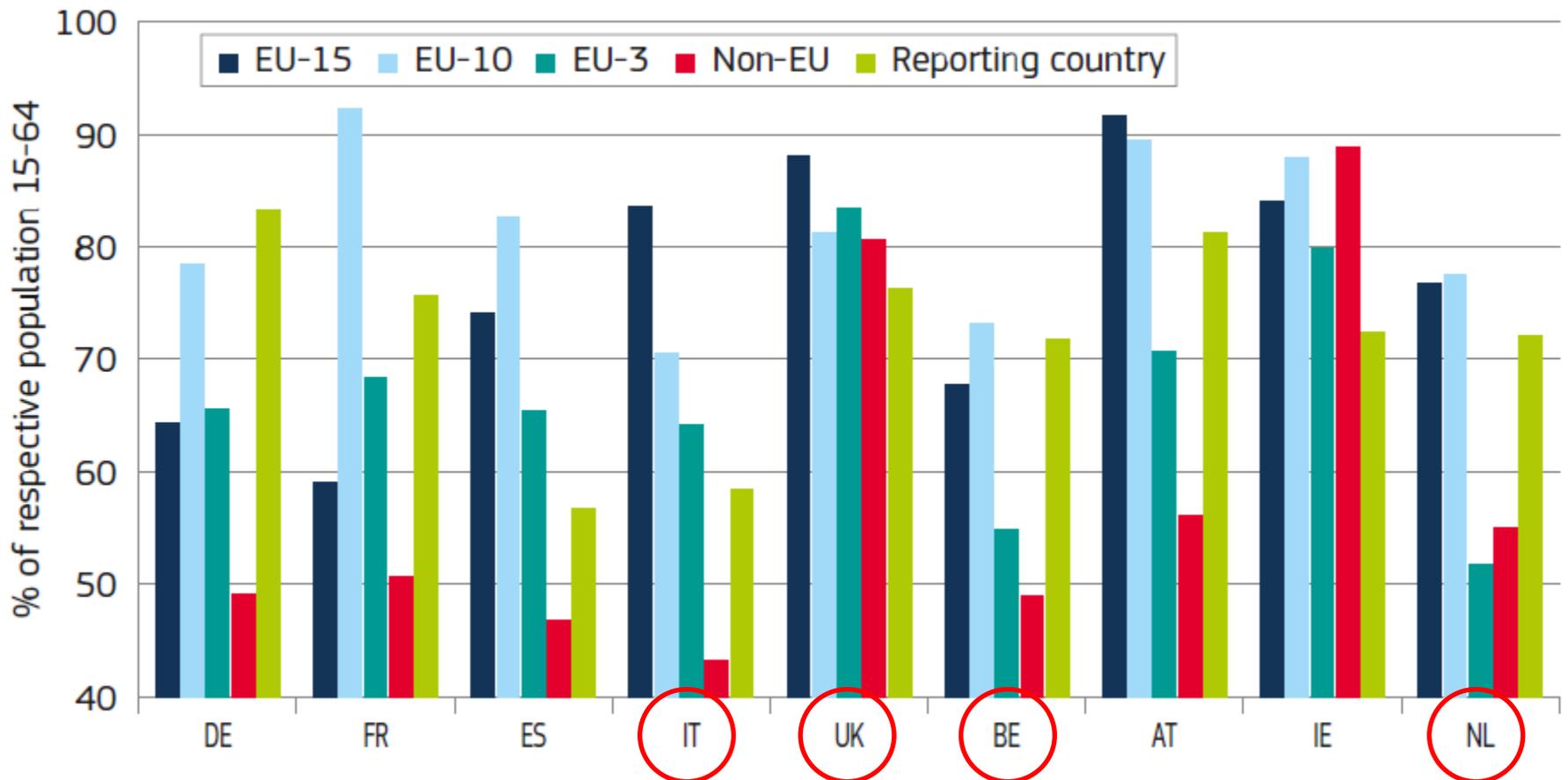
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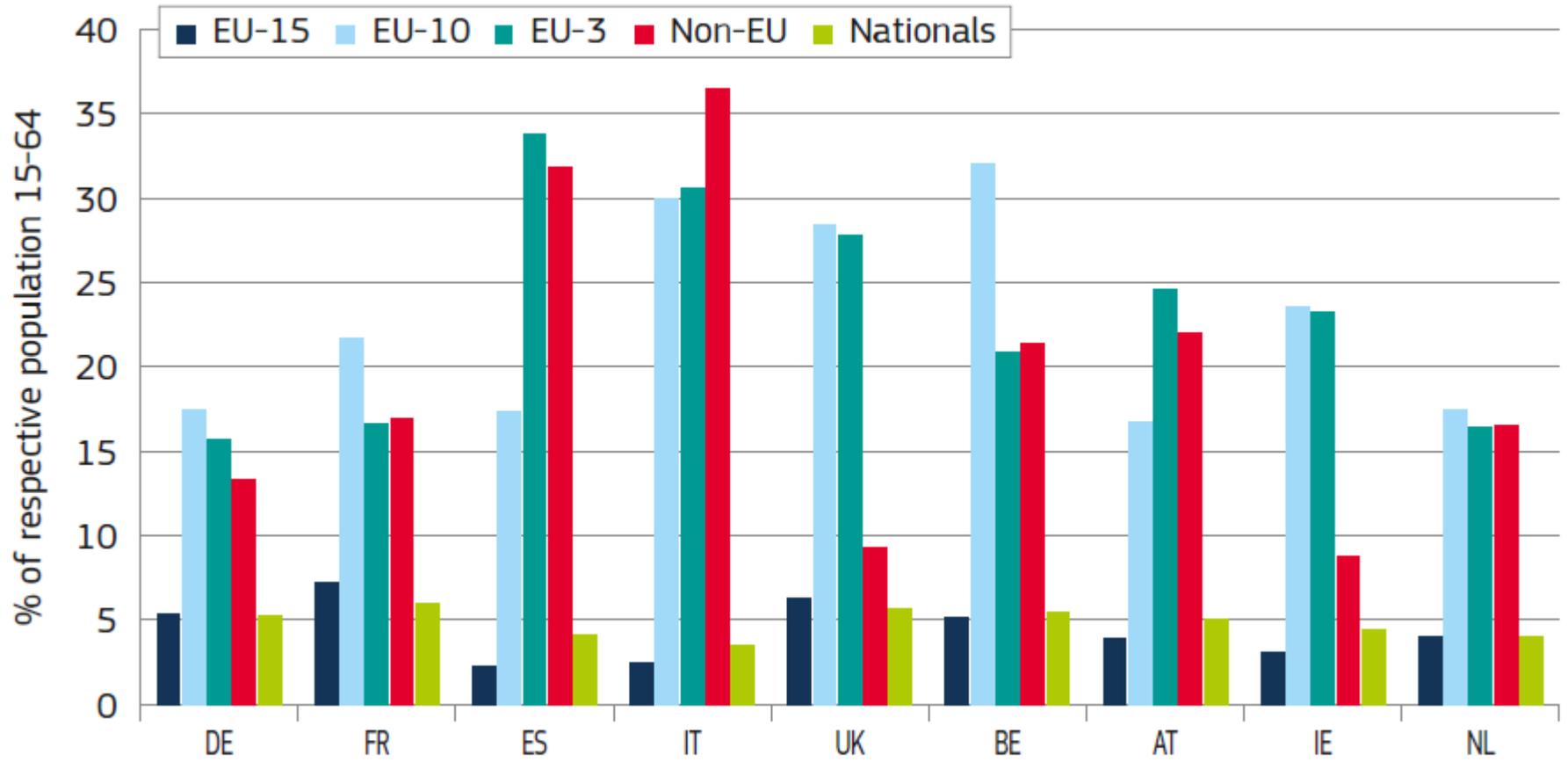
Digging deeper into employment rates: by education level (ESDE, chart 7b)



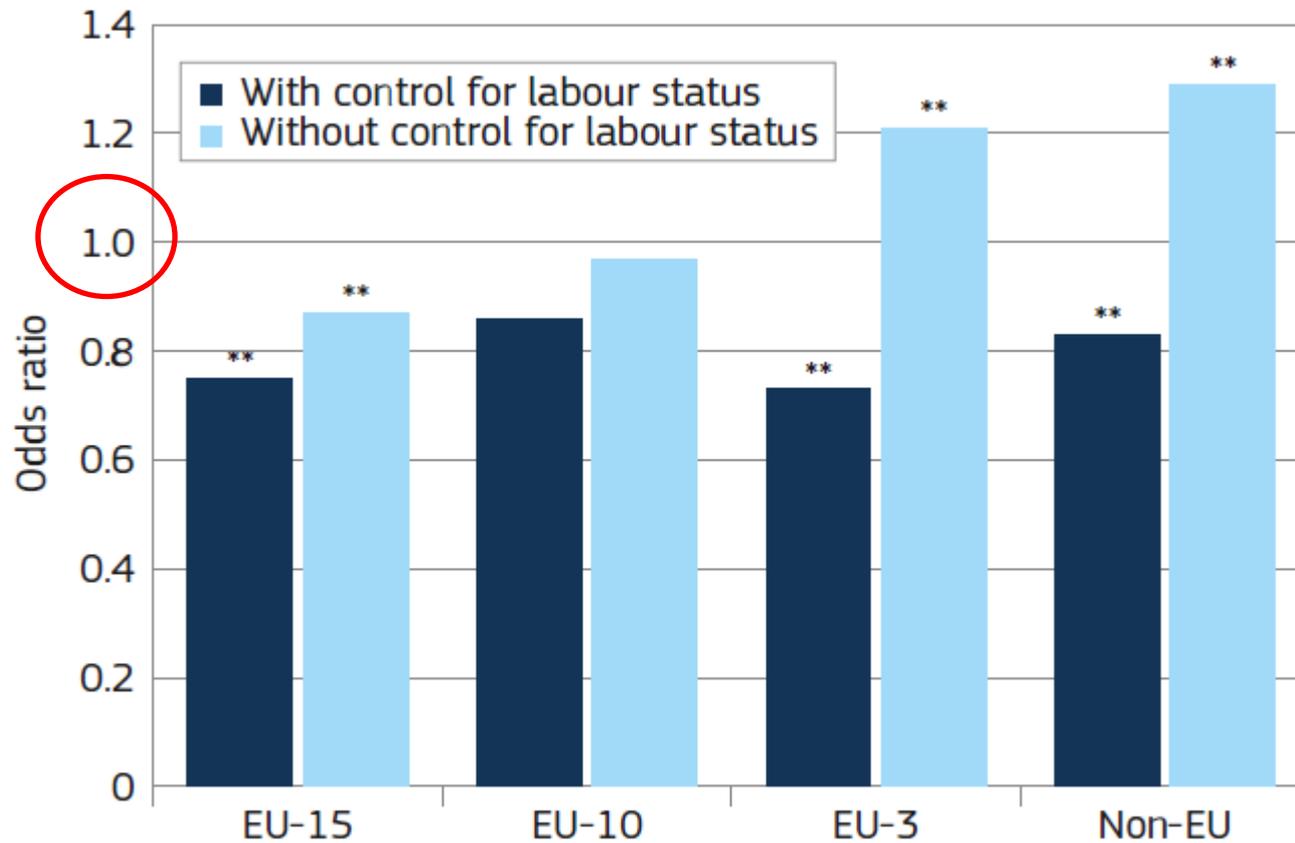
Share of people (15-64) with at least upper secondary education (ESDE, chart 16)



Share of people with at least upper secondary education working in elementary occupations, 2009-2014 (ESDE, chart 17)



Welfare tourism? (ESDE, chart 20)



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- **Intra-EU mobility: principles and policies**
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Freedom of movement and non-discrimination: principles

- 1) How can we justify free movement?
- 2) How can we justify non-discriminatory access to social benefits for those who move?
- 3) How can we justify a difference between active and non-active citizens in the application of (1) and (2), in a sense of 'earned' social citizenship?

How can we justify free movement and non-discrimination (for workers)?

- European citizenship ◊ formal equality of access to employment opportunities across the EU
- An integrated market for services needs 'posting', and 'posting' needs 'free movement of workers', for mobility to be fair.
- Non-discrimination justifies and sustains the principle that we do not tolerate competition between different social systems in one territory.

Active versus non-active citizens: 'earned social citizenship'

I argue that two complementary logics can apply legitimately with regard to social citizenship if they are applied conjointly:

- 1) Economically active citizens have the right to take up employment opportunities across borders, and on the basis of employment they 'earn' non-discriminatory access to all social benefits in the Member State where they work, including protection against the consequences of involuntary inactivity (unemployment, illness).
- 2) A non-active citizen who needs protection cannot simply rely on any Member State of his (or her) choice: his nationality determines the Member State which is first and foremost responsible for his protection. Under carefully delineated conditions, another Member State to which he has no bond of nationality is allowed to say that the non-active citizen's social protection would create an 'unreasonable burden' on its welfare state (these conditions must substantiate that, in the absence of a real link with the host Member State, the right of free movement was exercised solely in order to benefit from the host state's social assistance). In contrast, it would be 'unreasonable' for any Member State not to provide adequate social protection for its national citizens, whatever the causes of their vulnerability and dependence.

Fair mobility

- Fair mobility (in terms of rights) is a ‘balancing act’ and implies a coherent regulatory agenda:
 - Non-discrimination
 - Enforcement of non-discrimination
 - Posting as an exception to the ‘normal rule’
 - Transparency and coverage of minimum wage systems
 - Industrial relations and trade union action (*Viking, Laval*)

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- Directive on measures to facilitate the exercise of rights conferred on workers in the context of freedom of movement (Directive 2014/54)
- Seasonal Workers’ Directive (2014/36)
- Directive on Intra-Corporate Transferees (2014/66)
- Professional Qualifications Directive (2013/55)
- Posting: Enforcement Directive (2014); Revision of the Directive (2018)
- European Labour Authority

Posting of workers: principles (Posted Workers Directive 1996)

- A "posted worker" is an employee who is sent by his employer to carry out a service in another EU Member State on a temporary basis, in the context of a contract of services, an intra-group posting or a hiring out through a temporary agency (for example, a service provider may win a contract in another country and send his employees there to carry out the contract).
- Posted workers are different from EU mobile workers in that they remain in the host Member State only temporarily and do not integrate its labour market. (EU mobile citizens who go to another Member State to seek work and are employed there, are entitled to equal treatment with nationals in access to employment, working conditions and all other social and tax conditions.)
- Even though workers posted to another Member State are still employed by the sending company and subject to the law of that Member State, they are entitled to a set of core rights in force in the host Member State.
 - *minimum* rates of pay;
 - maximum work periods and minimum rest periods;
 - minimum paid annual leave;
 - the conditions of hiring out workers through temporary work agencies;
 - health, safety and hygiene at work;
 - equal treatment between men and women.
- However, the Directive does not apply whenever the working conditions applicable to the worker in accordance with the rules of the sending Member State are more favourable than would result from the application of the Directive.

Posting of workers: reform

- In 2014 the Enforcement Directive was adopted with the aim to strengthen the practical application by addressing issues related to
 - fraud,
 - circumvention of rules,
 - inspections and monitoring
 - joint liability in subcontracting chains
 - exchange of information between the Member States.
- In June 2018 a revision of the Posted Workers Directive was adopted; main changes:
 - application to posted workers of all the mandatory elements of remuneration (instead of the “minimum rates of pay”);
 - application to posted workers of the rules of the receiving Member State on workers’ accommodation and allowances or reimbursement of expenses during the posting assignment;
 - for long-term postings (longer than 12 or 18 months), application of an extended set of terms and conditions of employment of the receiving Member State.
- The Directive must be transposed into national laws by 30 July 2020.
- Road transport: ‘Lex Specialis’
 - Council position: 4 December 2018
 - EP position: 4 April 2019:
 - Clear rules on drivers’ pay and on rest times
 - Three-day limit for cabotage operations
 - Fewer but better controls and roadside checks

European Labour Authority

Adopted in Council on 13 June 2019; main tasks:

- improving the access to information for employees and employers on their rights and obligations in cases of cross-border mobility, free movement of services and social security coordination;
- supporting coordination between member states in the cross-border enforcement of relevant Union law, including facilitating concerted and joint inspections;
- supporting cooperation between member states in tackling undeclared work;
- assisting member states authorities in resolving cross-border disputes;
- supporting the coordination of social security systems, without prejudice to the competences of the Administrative Commission for the Coordination of Social Security Systems.

The ELA will enhance cooperation between member states without prejudice to their national competences. In cases of undeclared work, violations of working conditions or labour exploitation, the ELA will be able to report them and cooperate with the authorities of the member states concerned. It will also support national authorities in carrying-out inspections to tackle irregularities. These inspections would take place either at the request of member states or, if they agree, to the ELA's suggestion. Follow-up measures will be taken at national level.

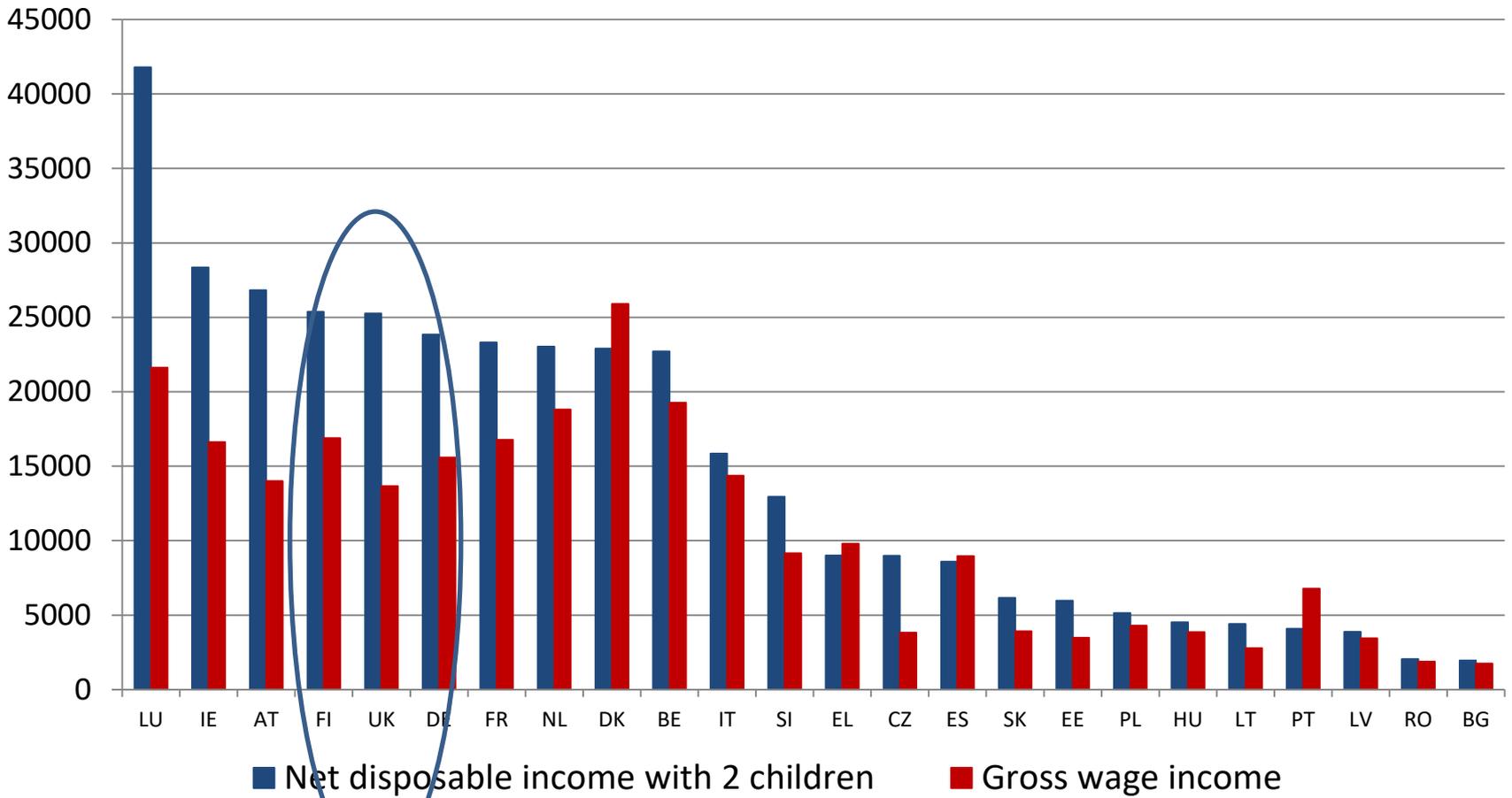
Fair mobility

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 - Transparency and coverage of minimum wage systems
 - Posting as an exception to the ‘normal rule’
- Fairness (in terms of consequences): receiving and sending countries have a long-term common interest in ‘brain overflow’ rather than ‘brain waste’. Valorisation of human capital is hindered by segmented labour markets and, in an intergenerational perspective, inadequate education and training institutions.

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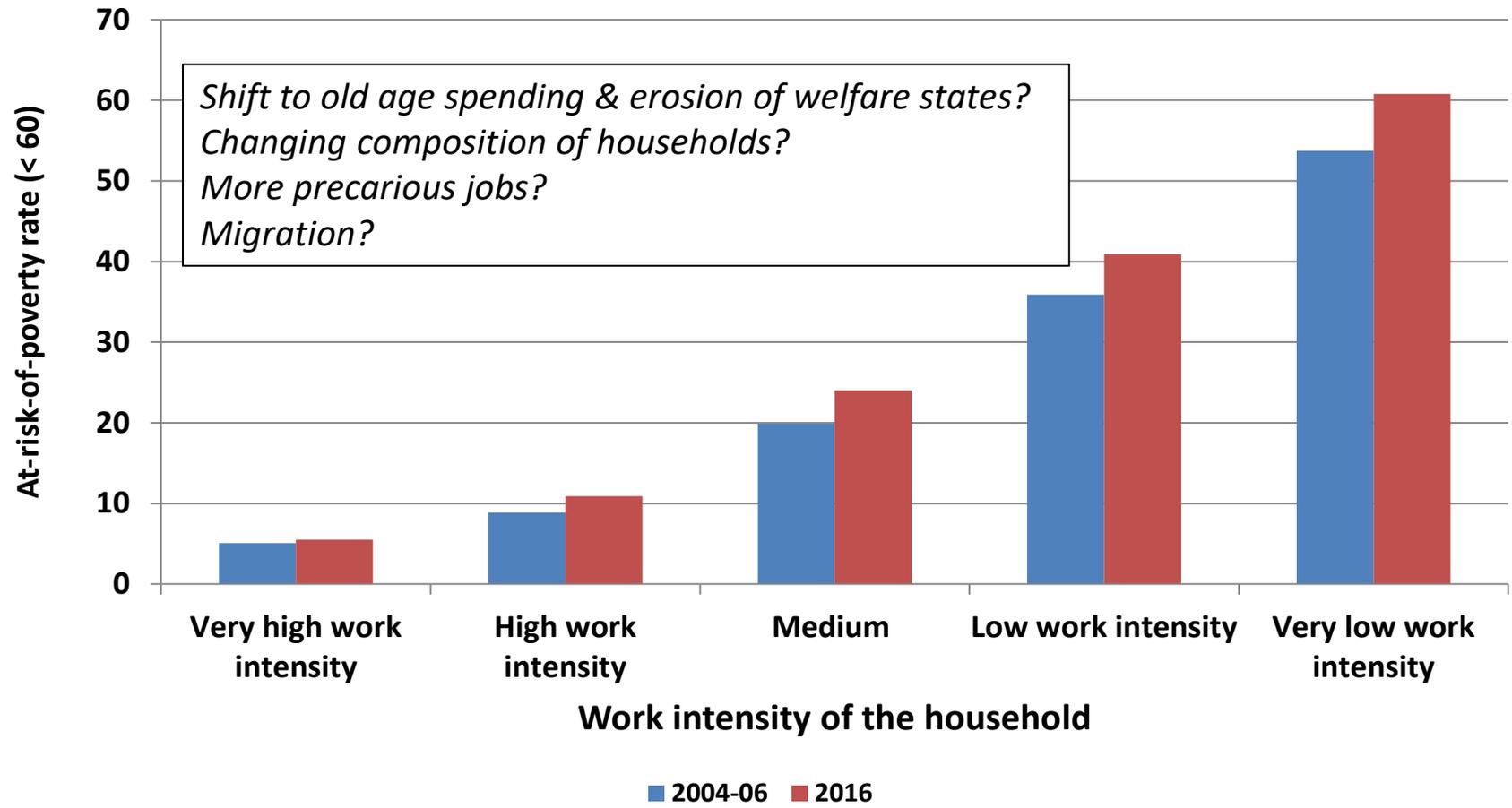
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Minimum wages and what governments can do: net disposable income of couple with 2 children, one minimum-wage earner



Source: CSB/MIPI

Poverty risks in the population < 60, by work intensity of the household



Bron: Eurostat, SILC 2005-2007; SILC 2017

SILC year T refers to observation year T-1, except for IE

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- The convergence machine worked... more or less... until 2004/2008.
- A tragic dilemma of integration (in the enlarged and heterogeneous EU)?
- **Design flaws in the European project**

EMU as an insurance union: a vaccination metaphor

- Why are stabilization instruments centralized in monetary unions?
 - Risk sharing (pooling)
 - Externalities of a national public good (vaccination)
- Vaccination: compulsory (minimum requirements) and subsidized (re-insurance)
- Minimum requirements for an effective stabilisation capacity:
 - 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 re-insurance of national unemployment insurance systems: 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

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

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
- ⇒ based on reciprocity

Resources: see *Course Outline*

References for the presentation (1)

- 1) Vandenbroucke, Addressing Global Inequality: Is the EU Part of the Equation?, in: Diamond (ed), *The Crisis of Globalization: Democracy, Capitalism and Inequality in the Twenty-First Century*, I.B. Tauris, London & New York, 2019, pp. 235-258 (download via www.frankvandenbroucke.uva.nl)
- 2) Lefebvre and Pestieau, *L'État-Providence en Europe. Performance et dumping social*, Cepremap, Éditions Rue d'Ulm, 2012
- 3) ESDE = European Commission, 'Mobility and migration in the EU: Opportunities and challenges', Chapter II.2 in: *Employment and Social Developments in Europe 2015*.
- 4) 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; download via www.frankvandenbroucke.uva.nl
- 5) 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/>)

References for the presentation (2)

6) Vandenbroucke, *Social benefits and cross-border mobility. Sticking to principles may yield better practical results for everybody*, Tribune, Notre Europe Institut Jacques Delors, 17 June 2016 (download via www.frankvandenbroucke.uva.nl)

7) Vandenbroucke, Barnard, De Baere (eds.), *A European Social Union after the Crisis*, Cambridge: Cambridge University Press, September 2017, <https://doi.org/10.1017/9781108235174> (Introductory chapter in Open Access on www.frankvandenbroucke.uva.nl, item 263).

8) European Commission, *Commission Recommendation on the European Pillar of Social Rights*, COM(2017) 2600 final, 2017.

9) Vandenbroucke, *The European Pillar of Social Rights: from promise to delivery –Introduction to the ‘European Social Union (ESU) public forum debate’*, EuroVisions, 3 December 2018 + other contributions in this debate: [http://www.euvisions.eu/](http://www.euvvisions.eu/)

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