

The new European Commission must convince citizens that the Pillar is alive and kicking By Frank Vandenbroucke

I'm very grateful to all the people – colleagues from academia, policy-makers, social and political actors – who contributed to the forum debate launched by EuVisions. This brief conclusion should not be read as a real 'conclusion': it is not possible to do justice to all the contributions, since the many themes broached in the contributions would merit more thought. Nor will I try to sketch a social agenda for the new Commission. Rather than 'concluding', I want to explain the mindset in which I launched, together with Maurizio Ferrera, this forum debate, and in which I read the contributions.

In my introduction, I wrote that the solemn proclamation of the Pillar marks a point of no return: some years from now, it will either be a convincing and recognizable success, or it will be a high-profile failure. The Pillar may become a policy agenda that sustains real momentum, beyond the lifetime of the Commission Juncker. **However, if the EU fails to deliver on the promise enshrined in the Pillar, the initiative will backfire**, and the frustration it generates will undermine any new attempt to equip the EU with a comprehensive social dimension for a long time to come. Given the cost of an eventual failure to deliver on the Pillar, those of us who care about the social dimension of European politics, should now work on an interpretation of the Pillar that maximizes its positive potential. This means, among other things, that it must fit into a consistent view of the role the EU should play and the role it should not play in social policy: in our view, this is the perspective of a 'European Social Union'. In the introduction, also insisted that we should identify priority areas in which the Commission, Parliament and Council have to take initiatives.

The many components of a European Social Union

Let me first recall that Maurizio Ferrera identified five different 'components' that have to be brought together to constitute a 'European Social Union': the National Social Spaces, Transnational Social Spaces, the EU Mobility Space, the EU Social Policy Space (supranational EU policies that have an explicit social purpose, be they of a regulative or redistributive nature) and the EU Fundamental Social Principles. My call for identifying priorities was about one of the five components: it was about 'EU Social Policy' in the proper sense of supranational EU initiatives.

This multidimensional understanding of what 'social Europe' is about is important. To use Andrew Watt's words, claiming that 'social Europe is a myth', because of 'the paucity of explicitly European social policy', is based on a misunderstanding: it confuses the EU as a multi-level entity with the EU-level in the narrow sense. The EU-level, in the narrow sense,

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should act on social issues when there is value-added in doing so. For sure, one should not interpret 'added value' in merely economic or material terms here: the added value of EU-level social initiatives can be that they increase the legitimacy of the EU – a point stressed by Ferrera in his introduction to the debate (I return to this below). However, we should resist the temptation to download our whole social agenda onto the EU as an institution: it is not because a social concern X is relevant, that the EU should develop policies to tackle X. This may be what differentiates my approach from, for instance, Trudie Knijn's contribution to this debate. In a critical comment to my introduction to the debate, Knijn writes that implementing the Social Pillar 'must go far beyond an insurance union'; she mentions the need to spending more on public services. I concur with her that budgets for public services must be increased in many a Member State, and that this resonates with the Pillar's principles, but I would consider this a task of the Member States. **A European Social Union must make it possible for Member States to invest sufficient resources in public services.** At the level of the European Union, this requires a policy framework that allows Member States to maintain fair and adequate taxation systems, so that welfare states can be funded adequately (notably by preventing a race to the bottom in corporate taxation); and it requires temporary support for Member States that are hit by severe economic shocks, so that they can maintain their funding of welfare services whilst coping with declining revenues and increased spending on unemployment benefits. This is basically what an 'insurance union' would do; it would 'insure' the Member States capacity to invest in welfare, but it would not take over the responsibility for welfare budgets themselves.

Watt adds a broader observation to his caveat about the proper role of the EU: we cannot separate 'the economic' from 'the social'. Indeed, economic and social policies are inextricably intertwined and, potentially, mutually reinforcing. Different contributors to this debate – Graham Room, Sacha Garben, Trudie Knijn and others – also underscore this insight, each in his or her own way. Tackling interregional inequalities, realizing upward convergence, sustaining public investment (...) is to a large extent a matter of economic policy choices, in which the EU is an important actor and agenda-setter. I read Vladimir Bogoeski's contribution in the same spirit. Bogoeski challenges the belief in a 'rights-based' approach rather fundamentally: the language of rights may lose the battle against material inequality, notably between the core and the periphery of the EU. Indeed, if the unequal economic development of the EU's Member States is not addressed, there is no long-term perspective for a true European Social Union. Bogoeski writes that tackling unequal development across Europe is a matter of both 'redistributive' and 'pre-distributive policies' (whereby he links his contribution with Chiara Saraceno's input to the debate); in my understanding, his legitimate concern leads us also squarely into the domain of economic and regional policies.

Which priorities for EU-level social policies?

Bea Cantillon's contribution is important in that she really takes up the challenge of identifying 'the priority' in a roadmap for delivering the Pillar. She argues that minimum income protection should be the priority of all priorities, and that the EU-level should reinforce both the substance of its policies and its policy levers in this domain. I will not rehearse her arguments, but I would like to briefly contrast her proposal with the approach I set out in my introduction, and which is developed and enriched in a very useful way by Manos Matsaganis. To repeat: I suggested that the hard core of the 'holding environment' for EU Member States would be an insurance union, whereby the word 'insurance' must be understood in a broad sense. It would organize mutual risk-sharing in the case of severe economic shocks, but it would also organize collective action to allow Member States to maintain fair taxation systems (a point emphasized, rightly, by Waltraud Shelkle and various other contributors in this series). It would, to some extent, organize solidary support for social investment policies in countries that are in need of resources. Within the Pillar's 20 principles, I identified one priority which is, in my mind, intrinsically related to this notion of an 'insurance union': access to social protection for all. The Commission initially proposed new 'hard legislation' to guarantee access to social protection for all European citizens; in a second stage, it opted for the softer approach of a recommendation, which has been accepted by the Council. Over the next few years, more work is needed with regard to this principle.

I suggest that different arguments would support selecting 'access to social protection for all' as a key priority, i.e. to really put it top of the list. First, if we think the stabilization capacity of national welfare states is important and merits EU-level support (notably through the organization of an EU-level unemployment re-insurance scheme), then national welfare states must see to it that their stabilization capacity does not erode. For that reason, it is of utmost important that all citizens have access to social protection, including access to insurance against lack of work or incapacity to work. New developments in labour markets, such as the proliferation of independent work with the 'zzp' statute in the Netherlands, but also the platform economy, are undermining this basic feature of welfare states. Second, in this domain, we have both real spill-overs and intellectual spill-overs among Member States. We are confronted with real spill-overs, because the proliferation of new forms of work that are not integrated in social security schemes in some Member States may put unfair competitive pressure on other Member States to allow the same (perverse) development. Potentially there are positive intellectual spill-overs, in this sense that a process of mutual exchange and learning among Member States' policy-makers would be very useful in order to

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better understand the nature of the challenge of the new economy, the variety of future scenarios and possible solutions. **The EU is uniquely well equipped to serve as a platform for innovative policy development in unchartered policy domains**, of which new forms of work are a prime example. Third, I think the political legitimacy of the EU would be bolstered if EU citizenship would be linked inextricably with access to social protection. Such a principle would state that every EU citizen must always have access to social protection irrespective of the sector, the type of activity, the type of employment relationship... in which he or she, or the persons on whom he or she depends, are engaged. This would really be a 'European social right' for each and every individual European. In yet other words, an EU-level process of mutual learning would not be confined to exchanges between high-level experts and policy-makers. Rather than remaining an ivory-tower exercise - a feature characterizing EU-level learning and peer-review processes all too often - it would inform the definition of social rights to be understood and enjoyed by all EU citizens. Here, I benefit from Manos Matsaganis' contribution, which enriches my argument on 'insurance union' by linking the debate on European unemployment insurance to the broad debate on the 'future of work': '[T]he case has never been stronger for mutual learning, policy experimentation, and exchange of best practices', so he writes, and I concur with this. At risk of simplifying the distinction between Cantillon's priority proposal and the approach on priorities taken by Matsaganis and me, I would say that the former focuses on specific outcomes to be achieved, whilst the latter focuses on the 'nuts and bolts' of future-proof welfare states. Obviously, there is overlap between the two. Matsaganis wants us to reconsider the importance of universal services and benefits, which are important instruments in the fight against poverty. Or, to give another example of overlap between an emphasis on minimum income protection, in terms of outcomes, and an emphasis on nuts and bolts for future-proof welfare states: developing a European framework that obliges every Member State to have a transparent system of minimum wages with universal coverage, may fit as much into Cantillon's narrative as it may fit into Matsaganis narrative. Yet, the emphasis in these respective contributions is different. I do not want to pronounce a final judgment here; there is merit in both approaches. Cantillon also advances relevant political legitimacy arguments in support of her priority, as I do with regard to the priority I would give to access to social protection and new forms of work (and in his final conclusion to this EuVisions debate Ferrera tables additional cautionary arguments against the risk of reducing a European Social Union to an 'insurance union'.) What I want to emphasize is that this is exactly the kind of debate we need with regard to the determination of priorities in the implementation of the Pillar's principles. Policy-makers and social and political actors cannot do everything simultaneously: their political energy and capital is inevitably limited, hence,

priorities must be identified.

The synergy of instruments

Obviously, this insistence on the selection of priorities, does not detract from another argument in my contribution: delivery on the Pillar's promise presupposes that different instruments are combined to implement its principles: EU legislation; policy coordination and benchmarking; and EU funding. The Pillar's principles should play a substantial role in the European Semester and fiscal and macroeconomic surveillance. Sacha Garben and Francesco Costamagna draw our attention to the role of the European Semester. In my own words, I would say that the challenge they highlight is to really mainstream the Pillar's inspiration in the European Semester's policy recommendations. I do not think there is an insurmountable contradiction here. Recall Watt's warning for an artificial opposition of 'the economic' and 'the social': the austerity policies which Garben and Costamagna presumably have in mind were not an example of the opposition between sound 'stabilisation' policies (to use Costamagna's terminology) and sound social policies. In the aftermath of the financial crisis, the over-emphasis on fiscal consolidation was simply an ill-guided economic policy; it was definitely not an example of well-organized stabilisation. In yet other words, **at the level of the European Semester, the debate is not so much about an opposition between 'the social' and 'the economic', but about making adequate economic choices.**

Obviously, a policy and legal framework that would give greater weight to social considerations would be helpful in that respect.

The European Social Observatory (OSE) recently published a report for the Workers' Group of the European Economic and Social Committee, in which the Commission's proposal for the next Multiannual Financial Framework is scrutinized, from the perspective of the Pillar (Sabato et al, 2019). They table a battery of operational budgetary proposals to translate the Pillar into the EU's budgetary policies. I refer the reader to this report for useful inspiration. Among other proposals, the authors rightly say that the Reform Support Programme, a new budgetary instrument proposed by the European Commission, should be a vehicle to promote social investment policies in the Member States. In fact, the whole MFF should undergo a 'social investment check'. I should say that I'm less convinced by the suggestion in this OSE report to introduce a 'Social Imbalances Procedure', which is the main focus of the contribution by Francesco Corti, Stefano Sabato and Bart Vanhercke to this EuVisions forum debate. Adding a new soft procedure, like the 'Social Imbalances Procedure', to the already very complicated set of procedures in which the Commission and Member States are engaged, may have relatively little added value per se. I, for one, believe that the crux is to

provide tangible support to Member States that want to implement reforms guided by the social objectives of the Pillar, and to do this in a coherent way, based on true EU solidarity. Further developing proposals such as the Commission's Reform Support Programme (which is not yet accepted politically!) and allocating sufficient budgetary resources to it, is the way to go. Also, recall that I think that the real fight for 'the social' is often about the substance of the economic policies, notably in the context of the European Semester. Setting up a specific and separate 'social' imbalances procedure may militate against the necessary integration of the economic and the social. But I may be wrong about this, and the proposal merits further debate.

The functionalist fallacy

Martin Heidenreich insists that 'functional arguments' are a poor basis to develop a social dimension to the EU: he warns for a 'functionalist fallacy', and proposes a highly original alternative account of the basis for a European Social Union, based on the idea that 'exit' options seem to be foreclosed. Bogoeski also cautions against a functionalist approach: one of the risks of a functionalist approach is that its focus on the completion of EMU might make us blind for the East-West divide. These important remarks touch upon complex analytical and normative problems with which I do struggle. As indicated in my initial introduction to this forum, I agree that we should not stretch functional arguments too far. Elsewhere, I have argued that, when thinking about the EU's social dimension, we are always on a bridge between functional arguments and shared political aspirations. Ferrera's insistence on the political nature of the challenge - the search for political legitimacy - also means that we must avoid a narrow, economic functionalism when arguing for a European Social Union. On the other hand, given all the constraints we face, functional arguments carry some weight, as Matsaganis writes. Cutting a complex argument short, I would say that we cannot avoid to be somewhere on that bridge between functional and fundamental normative arguments.

The responsibility of the new Commission

As already said, these summary thoughts inspired by our forum debate, cannot do justice to all the contributions. They do not justice to what a comprehensive debate on the idea of a European Social Union would entail. I deliberately focus on the need to identify priorities for action at EU level that can translate the Pillar's promise of 'improved rights for European citizens' into tangible initiatives that are accessible to and understandable by those citizens: access to social protection for all, a framework for fair corporate taxation, temporary support for countries hit by severe economic shocks, budgetary support for social investment policies,

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a framework on principles applying to minimum wages... would be such tangible initiatives. Watt adds an interesting suggestion: a joint EU approach to 'just transition' in the context of the climate challenge.

In other words, this debate underscores that, yes, there is a really promising agenda waiting for further action. In fact, my main, admittedly rather pragmatic worry over the last few months was about continuity: the Commission's task is to guarantee continuity with regard to the Pillar. In general, continuity is an important feature for policies that require time to become effective, but continuity is especially important for the European institutions, if they want to maintain credibility with the public at large. For the EU's credibility, there is nothing worse than the impression that social policy initiatives are 'cheap talk', and as quickly forgotten as they have been launched. In a side-remark in his contribution, Laszlo Andor rightly complains that the Commission Juncker should have given a higher profile to the follow-up of the 2013 Social Investment Package; the mere fact that the Social Investment Package was launched by the Commission Barroso probably reduced the Juncker Commission's motivation to keep it prominently on the radar. This is a pity, and the same must not happen again with the European Pillar of Social Rights under the new Commission that is now formed. Ursula von der Leyen's agenda, which she presented to get sufficient support in the European Parliament, is promising in this respect: she not only announces a full implementation of the Pillar, but also an 'action plan'. Setting out an 'action plan', means being clear-headed about priorities and coherent with regard to the ways and means for delivery and, thus, the mobilization of all the relevant instruments. Let me therefore end with this pragmatic note: Ursula von der Leyen's agenda means that **the new Commission must get its act together to mainstream the Pillar in its economic and social policies at large, and that it must identify a selection of priorities, that can feed into high-profile initiatives, neatly organized in a consistent action plan.** By doing so, it should convince a skeptical public that the Pillar is alive and kicking.

References:

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