

The European Social Construction  
Challenges for the Future

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# The European social construction

- *Social subsidiarity* ( national competence, no solidarity between MS)
- *Free Movement of workers* ( hard law )
- *Non-discrimination* : equal treatment of men and women ( hard law )
- *Social coordination & monitoring* ( soft law )
- *Structural Funds* ( bypassing the Member States )

*“ Harmonisation not needed, nor desirable or feasible” ( Deleeck, 1992 )*

## Ohlin Report, 1956

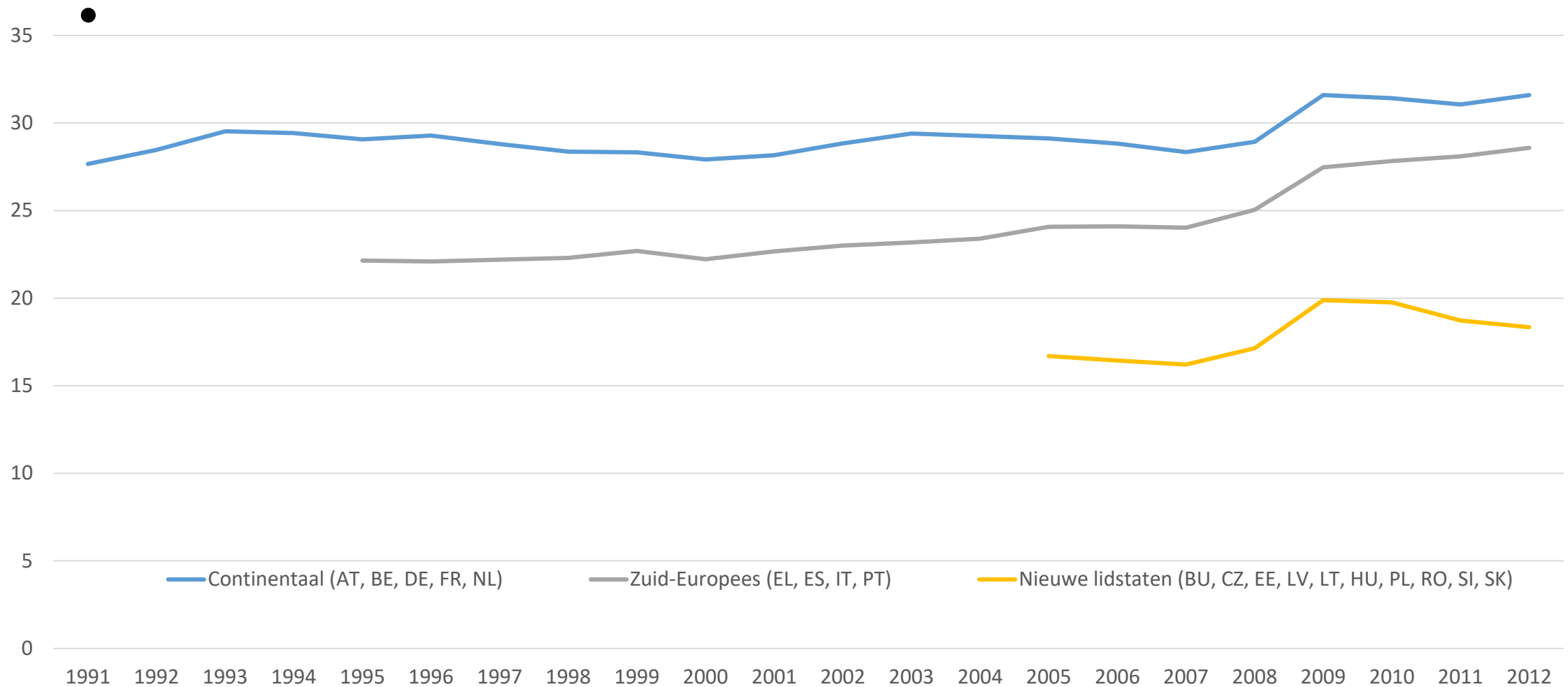
"while the level of living of workers in high-wage countries would continue to rise, that of workers in lower-wage countries would tend to rise more rapidly ... This would be amply sufficient ... when account is taken of **the strength of the trade union movement** in European countries and of **the sympathy of European governments for social aspirations**, to ensure that labour conditions would improve and not deteriorate"

# The European social construction

- A Union of **economic and social upward convergence** : social improvements would follow from market integration spill-over effects
- In the US ( 1935 ) : Roosevelt's creation of one American social security system

Who was right : Ohlin or Roosevelt ?

# Convergence in social spending, before the crisis



# Who was right : Ohlin or Roosevelt ?

\*Upward convergence before the crisis

\*EU more redistributive within states , less redistributive across states

\*Failure of American social federalism due to :

- weakness of 'pro-welfare state forces' ( no 'sympathy ' )
- veto coalition from the low-wage agriculture South versus high-wage industry in the North



# Ohlin was right , but the world has changed

1. Increasing mobility ( growing fear for fiscal competition , e.g. posted workers )
2. Within the Eurozone : no national adjustment mechanisms
3. Divergence within and between MS since the crisis
3. Structural incapacity to increase the living conditions of the poor

# 1. Increasing mobility

-SS coördination , free movement of workers :

Romenian worker in the UK , daughter at Bucharest university = British Child Benefit  
( Cameron's Brexit campaign )

-Posted workers

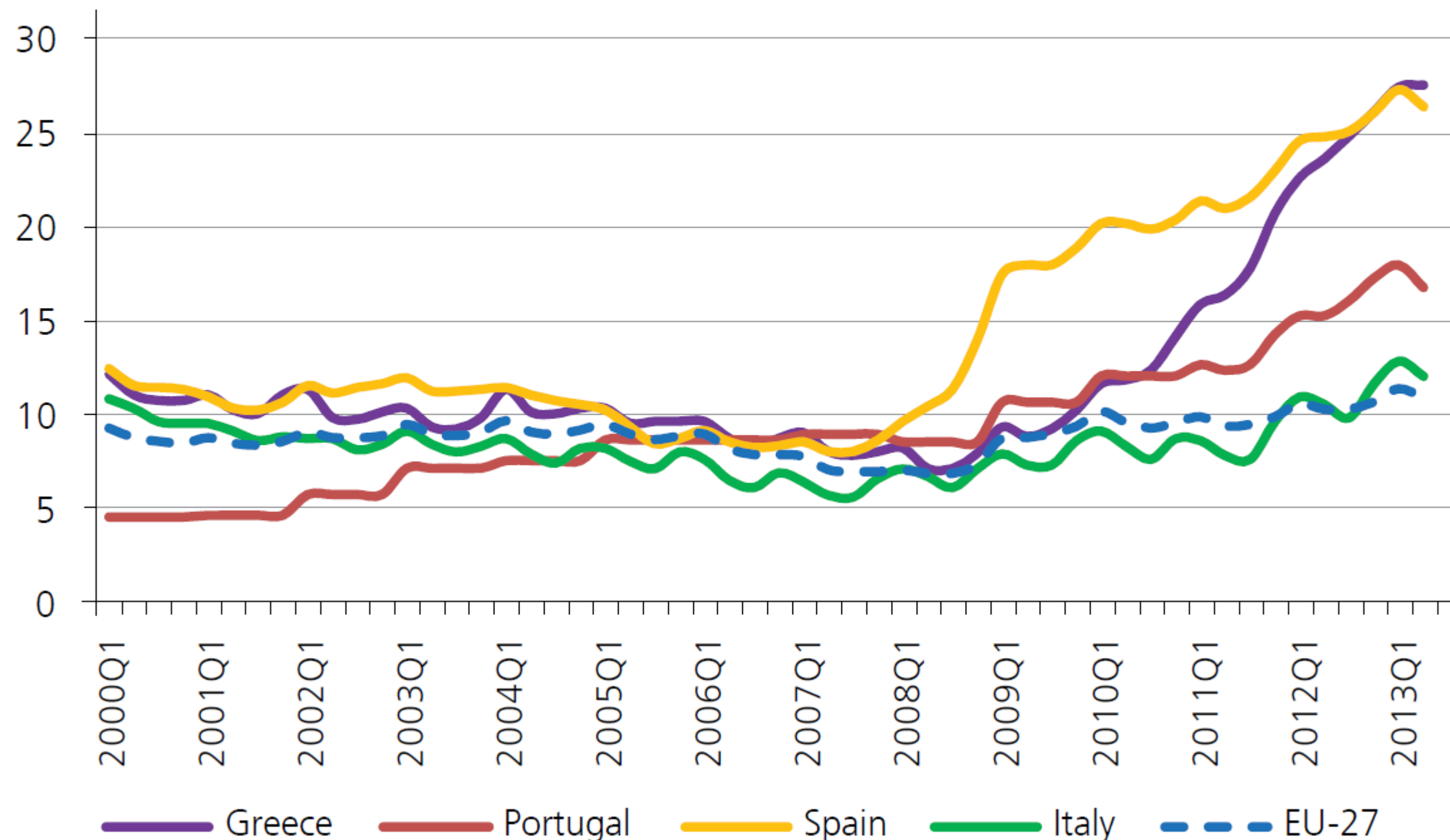
Same wage but different SS => downward pressures on SS in rich countries ?

-Wage competition across nations

( e.g. wage negotiation in Belgium : 1,1% increase in line with increases in neighboring countries )

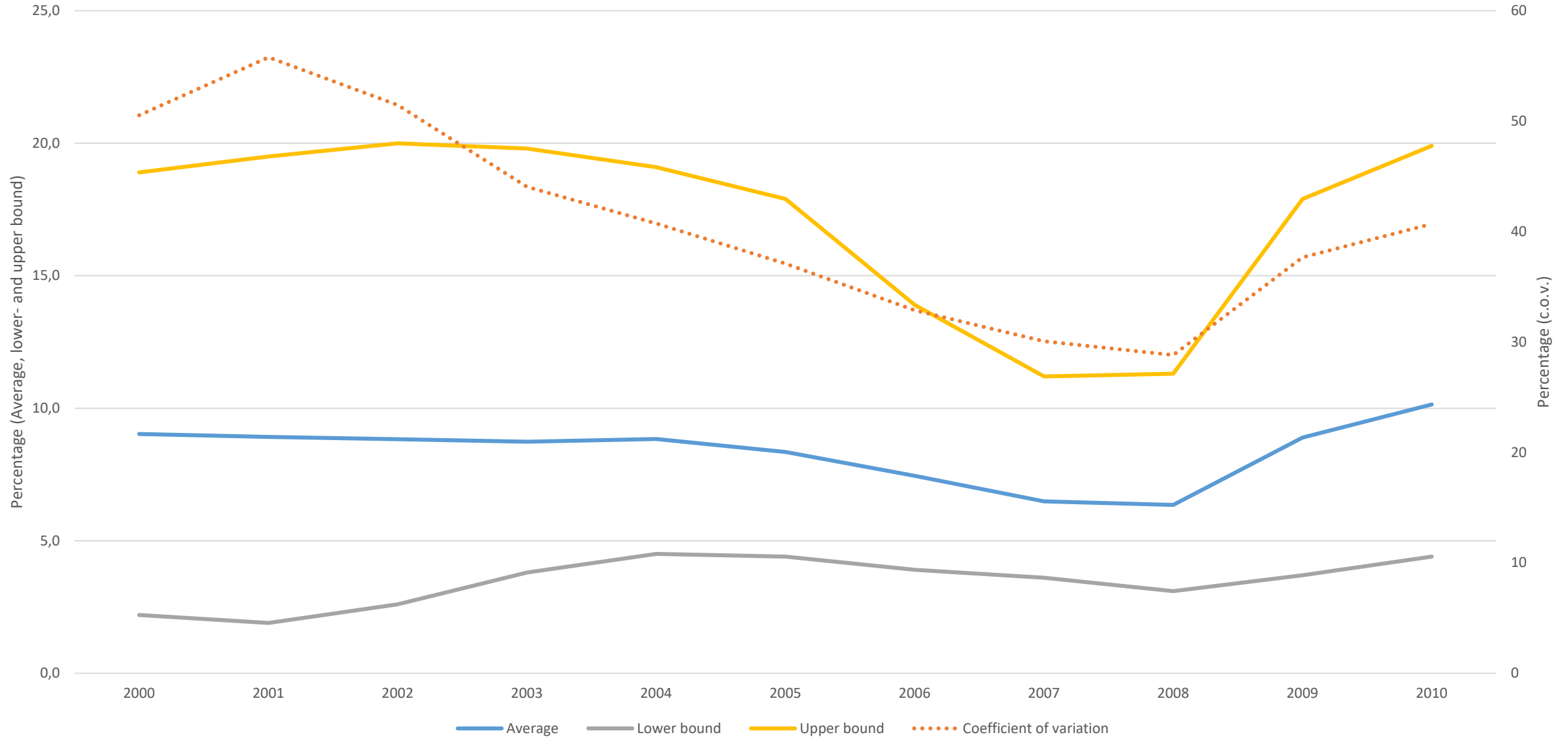
## 2. Within the Eurozone : internal devaluation

Unemployment rate, 2000–2013 (quarterly average, per cent)

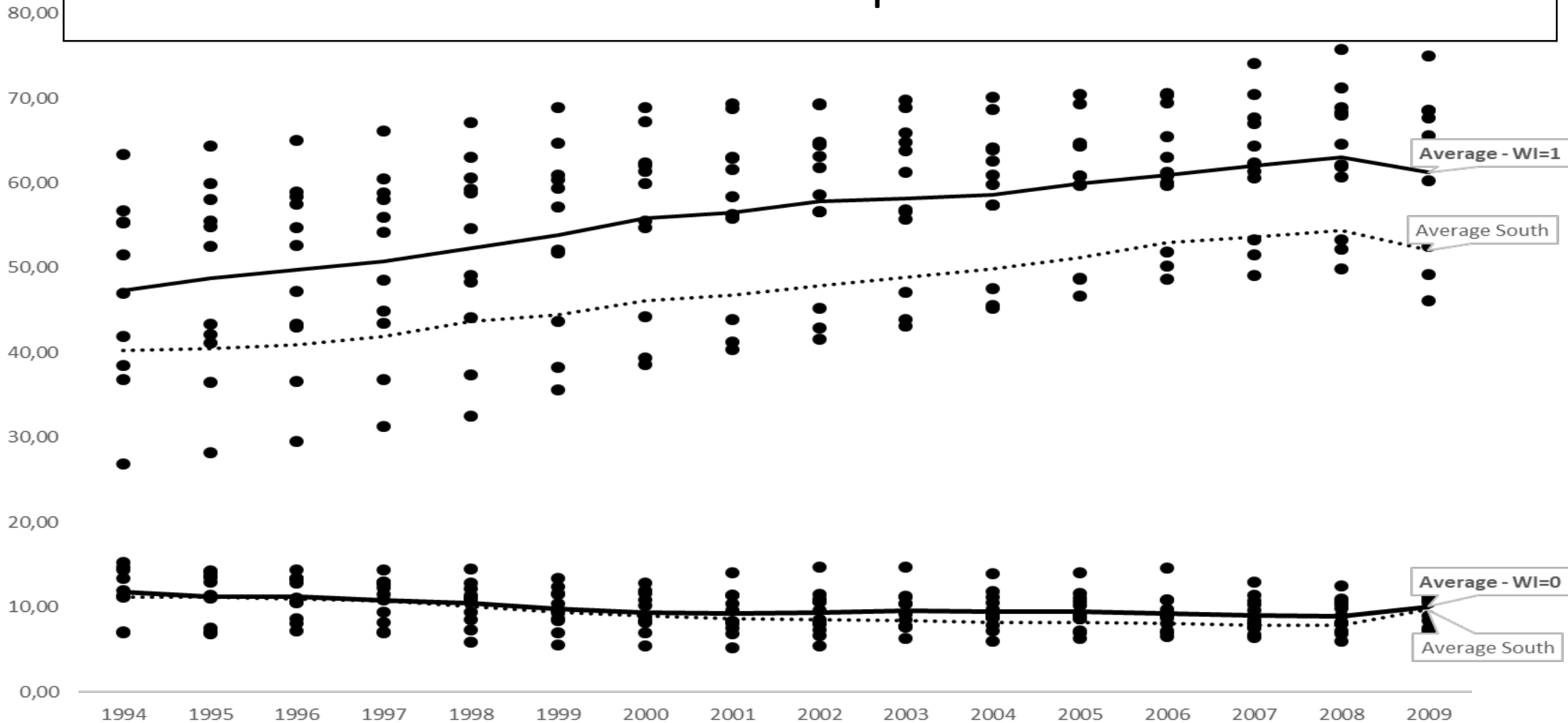


### 3. Divergence within and between MS

# Divergence in unemployment rates (EU)



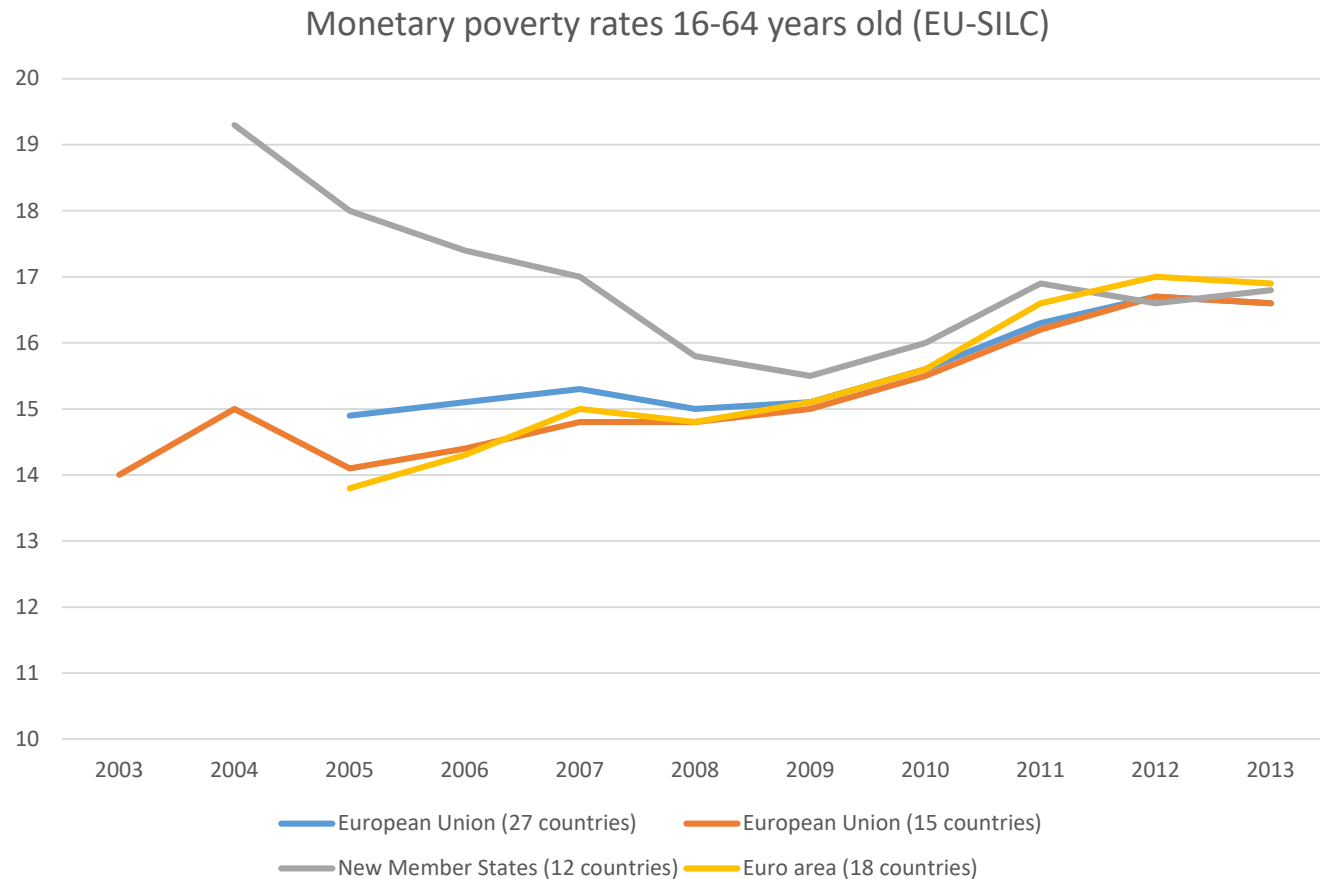
# Polarisation between the “haves and have nots” Work rich and work poor households



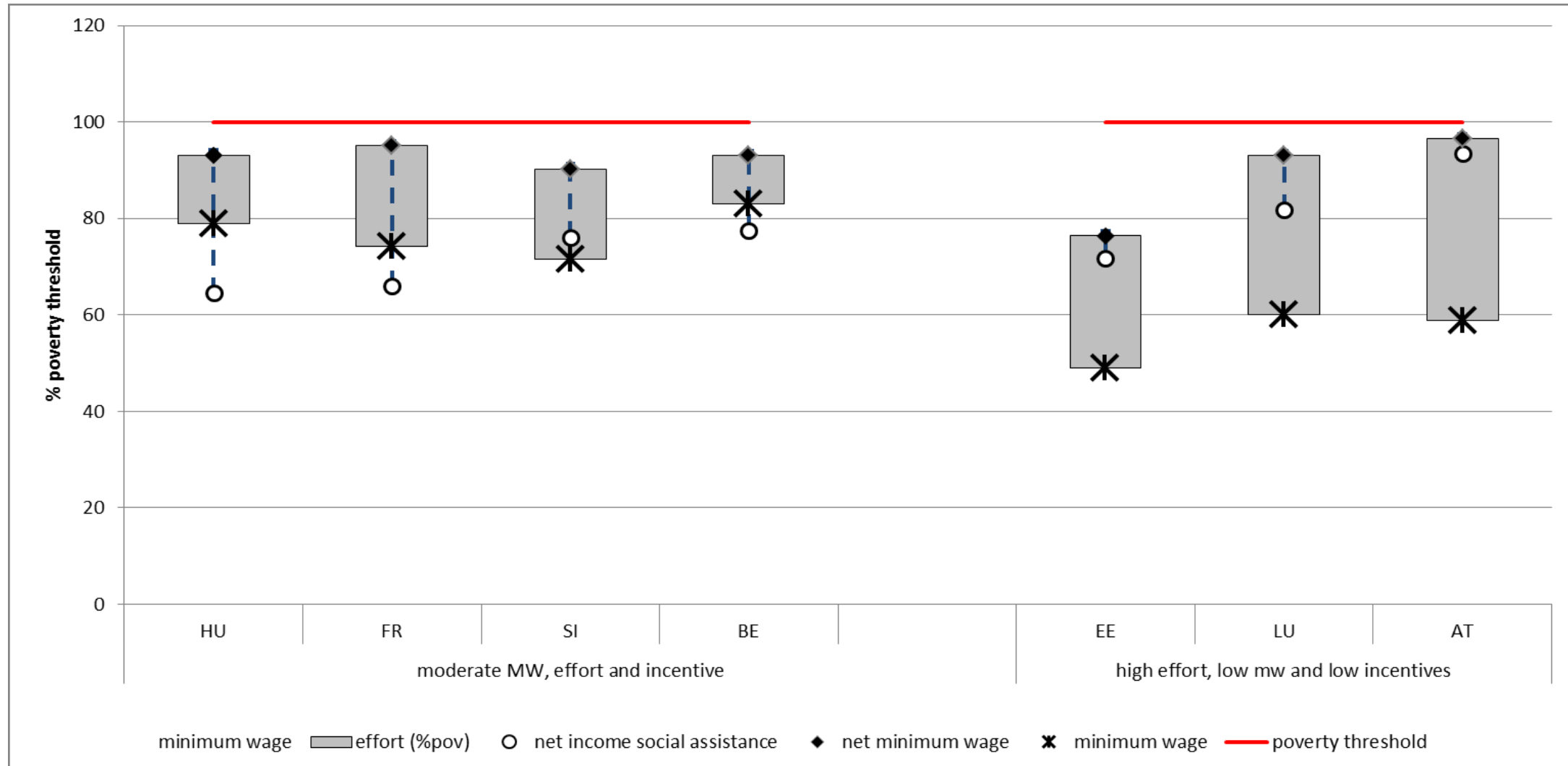
3. Structural incapacity to increase the living conditions of the poor



# Poverty, inequality and mounting pressure on national Welfare States



# Inadequacy of minimum income protection : levels as a % of EU poverty threshold



# The need for a European Social Union

Habermas: “the essence of the European project consists in protecting a ‘European way of life’ against the pressures of globalization”

But, what & how ?

# The policy conundrum

- heterogeneity : no one fits all solutions

- solidarity vs responsibility

# **=>Social federalism/harmonisation : no options**

- Veto-coalitions ?
- Timing: mature welfare states
- Diversity : social, economic and institutional

## **=>Convergence strategy : too weak**

-Lisbon Strategy = failure

-EU 2020 targets will not be reached

=>the legal asymmetry between economic and social standards

=>the design failures in the architecture of the Eurozone

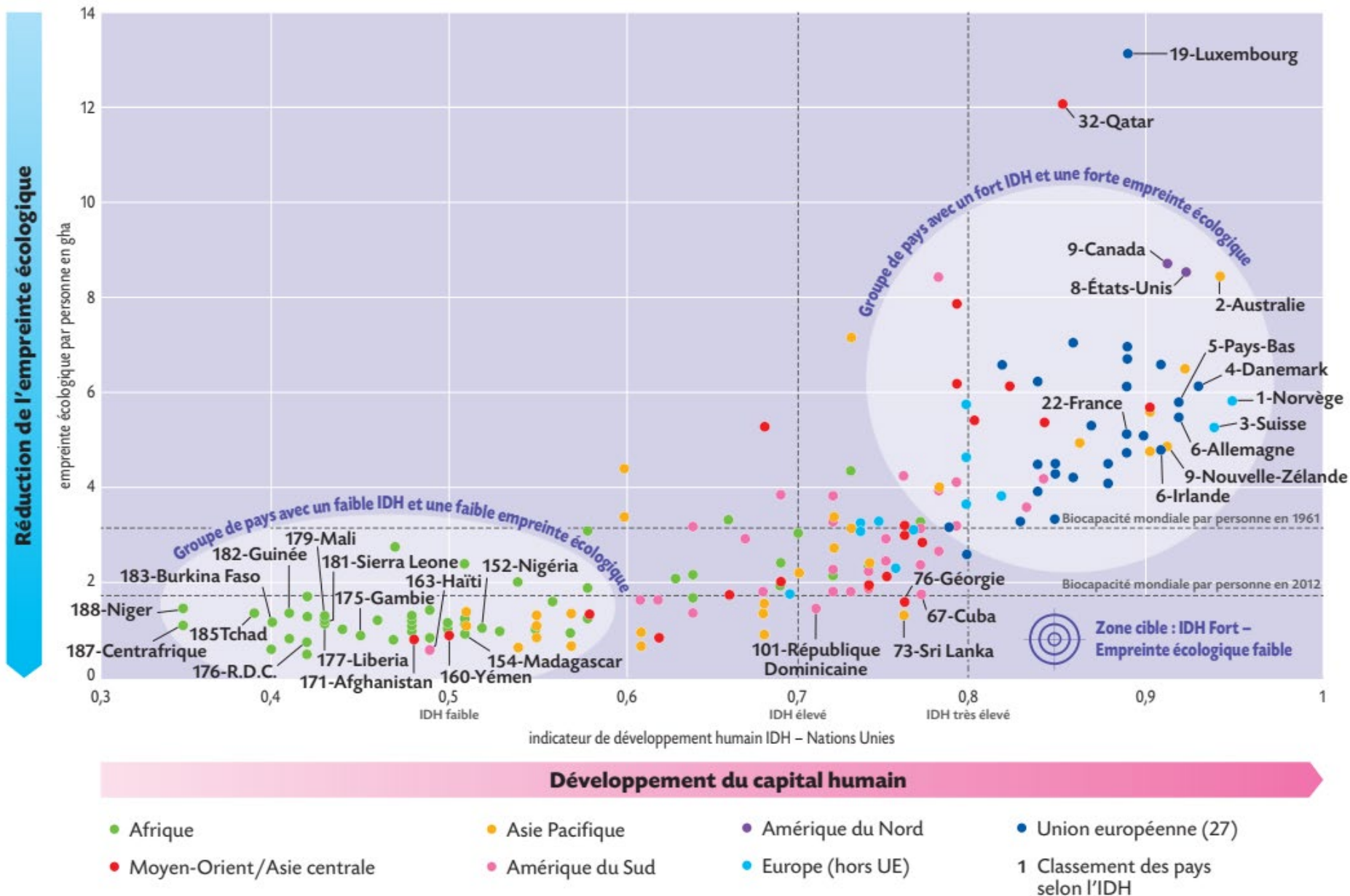
=>the non-binding method of coordination

=>the one sided focus on work related strategies

# =>European social subsidiarity at a crossroad

- Accommodates large heterogeneity, but
- Increasing danger of social dumping & social tourism
- Impact of the Macroeconomic Imbalances Procedure => pensions & social security
- Populism & the deplorables
- Climate change





Source : Wackernagel M., Hanscom L., Lin D. Making Development Goal consistent with sustainability. *Frontiers in Energy Research*. 2017, Jul 11 ; 5 :18

What can we invent before looming catastrophes erupt in the form of a breakdown of social and ecological systems ?

**A European Social Union: Unduly Idealistic or Inevitable?** ( *Frank Vandenbroucke* )

**“Nesting”** ( *Maurizio Ferrera* ): Supporting and accommodating national welfare states in an EU social space

**European Unemployment (re)Insurance** ( Vandenbroucke & Andor )

**The European Pillar of Social Rights** ( Juncker & Thyssen )

**European Minimum Wage** ( Macron )

# A European Social Union

“[that] would support national welfare states on a systemic level in some of their critical functions and guide the substantive development of national welfare states, via general social standards and objectives, leaving ways and means of social policy to the Member States”

(Vandenbroucke, 2019).

# The European Pillar for Social Rights

- 20 principles on equal opportunities and access to the labour market, fair working conditions, social protection and inclusion
- More powerful than harmonization of overly divergent policy instruments or attempts at convergence on overly vague objectives.
- But, how to deliver and where to start ?

# A European Social Floor

*The ethical program of Europe should be guided by the principle that everyone is entitled to an adequate minimum income. The time has come to proclaim that a European compact on minimum incomes is not only possible and desirable, but actually **necessary**.*

## Principle 14

“Everyone lacking sufficient resources has the right to adequate minimum income benefits ensuring a life in dignity at all stages of life, and effective access to enabling goods and services. For those who can work, minimum income benefits should be combined with incentives to (re)integrate into the labour market.”