

Conclusions

Social policy in the EU: high hopes but low yields

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Introduction

The European Union's (EU) multiple crises – starting in the financial markets, spreading to the economy and social and political institutions – have put the European construction under unprecedented pressure. They also put a question-mark over the EU's policies and indeed the legitimacy of its institutions to provide answers addressing citizens' concrete concerns. As a consequence, support of anti-European parties and movements has grown, as seen in Germany where the *Alternative für Deutschland* (AfD) gained a considerable share of votes (12.6%) during the last Federal elections, thus putting the country's governability at risk. Furthermore, a lack of solidarity – one of the constitutive elements of the European project – among the EU Member States has gained ground over the last years. After decades of bumpy but continuous progress towards an 'ever closer' and wider Union, the EU is now faced with the prospect of disintegration. In addition, for the first time in its history, the EU is no longer the 'convergence machine' it used to be. Quite the contrary, increasingly divergent trends have emerged between Northern and Western (creditors), Southern (debtors) and Central-Eastern countries (Vandenbroucke *et al.* 2014). The Eurozone has been under particular pressure, with the concrete risk of disintegration exemplified by the 2009 Greek crisis and the near-'Grexit' from the common currency. The badly handled socio-economic Greek crisis turned populations against the EU and enhanced the EU's legitimacy crisis while spurring proposals to split the Eurozone and set up a new monetary system for the Southern countries (Natali 2014).

According to many observers, the EU's response to the multiple crises has been inadequate, with counter-productive policies being implemented and recourse taken to what has been dubbed as 'balanced budget fundamentalism' (De Grauwe 2011) or 'austeritarianism' (Hyman 2015). More generally, the EU has failed to rebalance the social and economic dimensions of its governance, while fiscal consolidation measures have put the so-called European Social Model under strain, even to the point of it being famously declared dead by the President of the European Central Bank Mario Draghi¹. Such an extreme stance exemplifies the views of certain political and especially economic players who consider social policies as a burden to growth and competitiveness.

1. Europe's Banker Talks Tough. Draghi Says Continent's Social Model Is 'Gone,' Won't Backtrack on Austerity, *Wall Street Journal*, February 24, 2012.

While the EU showed its ‘econocratic face’ (Ferrera 2017) during the first cycles of the European Semester (2011-2014) at the expense of more socially-oriented stances, some observers have pointed to a progressive, though still incomplete, ‘socialization’ of the Semester (Zeitlin and Vanhercke 2017): social players’ ability to influence the process has indeed been growing over the period 2011-2016. As a result, social issues have been moved up the political agenda, as exemplified by the fact that a relatively high number of Country-specific Recommendations concerning social policy in general (Bekker 2015)² and poverty and social exclusion in particular (Urquijo 2017) have been adopted³. However, while recognising that structural reforms have served to put pressure on the Member States to proceed simultaneously with social retrenchment and social investment policies, Crespy and Schmidt (this volume) note that the relative increase in the number of social investment-oriented Country-specific Recommendations (CSR) may simply indicate that CSRs referring to fiscal consolidation have been implemented by the Member States while social investment-oriented reforms lag behind.

This said, since 2013, the economic situation in EU countries has slightly improved. Looking at GDP trends (Eurostat 2017a), all countries except Greece experienced (more or less) marked growth in 2016 compared to the previous year. Looking at the employment rate, we see a decrease (EU 28) between 2008 (70.1%) and 2013 (68.4%) (Eurostat 2017b), followed by a recovery between 2013 and 2016 (71.1%), with the rate now higher than in 2008. In the Eurozone, we see a similar curve: 70.2% in 2008, 67.7% in 2013 and a quasi-recovery in 2016 (70.0%) (ibid.), though major differences exist between the Member States. Nonetheless, the positive GDP and employment rate (as well as the unemployment rate) trends have been only partially matched by significant improvements in other social indicators, where the recovery is manifesting itself more slowly.

Indeed, in the EU 28, 23.7% of the population were at risk of poverty or social exclusion (AROPE) in 2010, with a peak of 24.7% in 2012 (Eurostat 2017c). Data for 2015 shows the AROPE rate (EU 28) at 23.8% (i.e. close to 2010 values). Here again, the situation differs greatly among the Member States, ranging from 41.3% in Bulgaria and 37.4% in Romania, to 14% in the Czech Republic and 16.0% in Sweden. Equally worrisome trends emerge when looking at youth unemployment (15-29 years-old), which (EU 28) increased from 11.7% in 2008 to 18.4% in 2013 (Eurostat 2017d). Though it has significantly decreased since then (14.3% in 2016), it remains significantly higher than in 2008. This development has been particularly marked in the Eurozone, where youth unemployment rose from 12.0% (2008) to 19.5% (2013), remaining at a still high level (16.4%) in 2016. Again, marked country variations exist, with the rate ranging from (2016 data) 38.3% in Greece and 32.7% in Spain to 5.6% in Germany and 7.2% in Malta. All in all, while jobs are being created, work does not prevent people from falling into poverty: in 2015 in-work at risk of poverty affected 9.5 % of the EU 28 population (8.3% in 2010), ranging from 18.8% in Romania to 3.5% in Finland (Eurostat 2017e). It should be noted that, even in such a rich country as Germany, people at risk of in-work poverty represented (in 2005) 9.7% of the population (6.8% in 2009).

2. For a different view, see Crespy and Menz (2015), de la Porte and Heins (2015).

3. For an analysis of the evolution of the CSRs between 2011 and 2017, see Clauwaert (2017).

Against this socio-economic backdrop, and taking into account the chapters of the present volume, we first look at the key ‘high politics’ events characterising the EU in 2016: notably Brexit and the refugee crisis. We reflect on the implications these events have in terms of further EU integration, disintegration and/or differentiated integration. These formidable challenges notwithstanding, the EU has obviously continued to work during the past year. Consequently, we go on to discuss some of the most significant social policy initiatives undertaken in 2016: all in all, the year seems to have been characterised by mounting expectations in the social domain – mainly as a result of the public consultation around the European Pillar of Social Rights – but low concrete delivery in terms of EU initiatives, despite the initial Pillar proposal. In other words: high hopes have been created at last, but results are still not up to scratch. We end by reflecting on the future prospects for EU social policymaking.

1. The EU between disintegration, differentiated integration and further integration

It is impossible to address the developments in EU politics in 2016 without starting from the major political event of that year, i.e. the Brexit vote. The results of the referendum called by former UK Prime Minister David Cameron (23 June 2016) were a veritable shock for the whole EU, and beyond. For the first time in its history, the Union is set to lose one of its Member States. But what were the causes of the ‘leave’ vote and what could be the consequences for the remaining Member States? Daniel Clegg (this volume) convincingly explains that the leave vote took place in a healthy economic situation, with employment in the UK at record levels. Yet, in a labour market characterised by deregulation, pushed activation and the application of the principle of making work pay to its limits, this did not prove enough. Indeed, the benefits of growth and employment were not fully enjoyed by everybody. Clegg notes widespread discontent with the socio-economic *status quo*, with many people feeling themselves ‘left behind’, experiencing diffuse vulnerability and insecurity. This was an important factor in the UK vote. The EU should learn lessons from Brexit. The rise of anti-establishment sentiment across Europe calls for a stronger social dimension to European integration. Clegg calls for a departure from the EU agendas of activation and making work pay, complementing the objective of employment promotion with other kinds of objectives such as job quality. Otherwise, the author concludes, the risks of Brexit contagion could become a reality. *Is the EU ready for this kind of paradigm shift? Does Brexit automatically mean that the 27 will now advance more swiftly towards further integration, also in social policy?* The latter question is naïve and such a scenario seems unlikely: while it is true that the UK has often blocked progress in EU social policy (or opted out), other Member States have adopted a free-riding attitude, hiding their positions behind the UK. These obstacles remain, even after Brexit.

Brexit was not the only factor shaking the EU in 2016. During the past year, the long-lasting refugee crisis worsened. Confronted with this challenge, the European Union took some initiatives, mainly focused on preventing the arrival of refugees and outsourcing the management of asylum seekers and refugees. Yet, as explained by Dalila Ghailani (this volume), those initiatives showed a lack of solidarity between the Member States

and a worrisome tendency to prioritise security concerns at the expense of immigrants' (human) rights. For instance, the refugee resettlement programme proposed by the European Commission in 2015 simply failed, with some Member States – especially Central-Eastern countries – refusing to share responsibility for asylum seekers within the EU. This left the burden on the countries of arrival such as Greece and Italy and on other, more willing, Member States. Furthermore, EU and Member State initiatives were not only largely ineffective but also threatened refugees' rights. For instance, Ghailani refers to the 'hotspots' solution adopted with a view to relieving the pressure on Greece and Italy. This solution led to the adoption of repressive measures contravening human rights and to increasingly inhuman living conditions, leaving asylum seekers with a sense of injustice, discrimination and despair. On the other hand, the EU-Turkey agreement of March 2016 confirmed the outsourcing approach to asylum policy. This agreement sparked strong reactions from many human rights organisations and still raises questions as to the respect of fundamental rights: reports have been made about illegal detentions, violations of the non-refoulement principle, arbitrary arrests and ill-treatment.

The question is: *what are the possible consequences of these crises in terms of EU dis-integration or further integration and what is the best way forward?* Alas, there is no clear-cut answer, with both risks and opportunities arising. On the one hand, effectively responding to these challenges would require a quantum leap in terms of further integration (e.g. a common asylum policy). On the other hand, however, further integration is blocked by marked divisions among Member States over what should be done.

The EU therefore seems squeezed between the prospect of very difficult (given the current political climate) further integration and an inauspicious process of disintegration. *Or are there options to get out of the present impasse?* In the previous edition of *Social policy in the European Union: state of play 2016*, Sergio Fabbrini (2016) proposed two strategies: policy differentiation and constitutional differentiation. Policy differentiation envisages an EU made up of different clusters of Member States participating permanently in different policy regimes with varying degrees of integration (without modifying the existent legal and institutional order). Constitutional differentiation by contrast would constitute a step towards a political union, implying a more clear-cut differentiation between Eurozone and non-Eurozone countries and connecting them through the Single Market. This second strategy would however require Treaty changes.

Contributing to this debate about the future of Europe, Mario Telò (this volume) proposes a 'multi-speed Europe' as the only viable solution for progressing towards a more effective and legitimated EU, able to cope with the global challenges confronting the world today. According to the author, the only way out of the current *impasse* is indeed a politico-institutional process where a political *avant-garde* of countries, a 'core group', would advance towards further integration. Echoing Telò's position, Crespy and Schmidt (this volume) conclude that there is a good chance that further integration for the EU-27 will mean more differentiation, with the EU best conceived as a region-state made up of a soft core of overlapping clusters of Member States in the EU's many policy communities. This will require, the authors continue, a distinction to be made between different types of policies. When it comes to EU social policy, a first step towards such

a pattern of differentiated integration is reflected in the 2016 preliminary outline of the European Pillar of Social Rights (EPSR), arguably the key EU initiative in the social domain of the past few years. Indeed, the Pillar, the draft of which was submitted to a wide consultation in 2016 (Sabato and Vanhercke, this volume), primarily concerns Eurozone Member States but is open to non-Eurozone countries.

Both the strategies of further integration and differentiated integration would require the formation of strong coalitions supporting them. *But who are the potential players pushing for these outcomes?* Besides politico-institutional actors at both EU and national levels, Mario Telò identifies trade unions as key players in the process, potentially able to influence EU policy proposals responding to the increasing insecurity of most citizens of the Union, thereby enhancing the EU's legitimacy. *But are trade unions willing to play such a role?* The answer is complex and unions' attitudes towards EU macro-economic governance are a good example thereof. Between 2011 and 2016 there has been some improvement in social partner involvement in the European Semester (cf. Sabato *et al.* 2017). Yet, a 'clash of expectations' between trade unions and EU political actors seems to be in the making. Indeed, the European Commission seems willing to listen to trade unions – using the information they provide to prepare key European Semester documents and thereby gaining a more detailed idea of the situation on the ground – and to involve them in the implementation of the Country-specific Recommendations. Trade unions are however unwilling to participate in implementing these policies, unless they are involved in the agenda-setting and in decisions concerning overall (economic) policy orientations (still deemed too austerity-oriented).

Boosting trade union involvement in policymaking is further complicated by the fact that European social dialogue has been experiencing considerable difficulties (cf. Degryse and Clauwaert 2012), and national social dialogue is under strain in most countries. Will Commission President Juncker, the self-proclaimed 'President of social dialogue', be able to relaunch the process so that social partners can again engage in real negotiations? The relaunch of European social dialogue seems indeed a priority for the European Commission which, in March 2015, held a high-level conference on 'A new start for social dialogue' (European Commission 2015), resulting in a Joint Statement by the Dutch Presidency of the Council, the European Commission and the European Social Partners (Dutch Presidency *et al.* 2016). Even beyond social dialogue, however, the positions of employers' and workers' representatives are far apart on a number of issues, including, crucially, their appreciation of the EPSR, the implementation of which is dependent on social partner willingness. Thus, the opinions of the social partners differ greatly when it comes to the level of ambition and the scope of the Pillar, the contents of benchmarking exercises, the implementation tools and the links with the Better Regulation agenda.

2. EU social policymaking in 2016

Though some scholars (Zeitlin and Vanhercke 2017) have pointed to a progressive socialisation of the EU's macro-economic governance (i.e. the European Semester), the process still appears unbalanced, with greater weight given to economic and fiscal

objectives than to social concerns. Amandine Crespy and Vivien Schmidt (this volume) recognise that since the end of 2014 the Juncker Commission has sought to address the criticism of the excessive focus on economic austerity by promoting investment and allowing for greater flexibility in the enforcement of fiscal discipline⁴. Yet, the focus is still on structural reforms, with strong attention paid to labour market deregulation, while the promotion of social investment has remained weak and de facto constrained by the prevailing orthodox conception of competitiveness.

A further way of socializing the European Semester would be to better include other social players, in particular the social partners. We already discussed the tensions arising over the direction of policies adopted through the Semester and the current state of the European social dialogue. This said, European social dialogue is not the only process through which the social partners interact at EU level. Another important forum for discussing and taking decisions is sectoral social dialogue. Christophe Degryse (this volume) discusses the lack of progress on the issue of work-life balance, stalled due to employers' refusal to negotiate. More positive developments in sectoral social dialogue concerned measures for older workers and the digitalisation of the economy, with the latter considered the key topic for the future.

Will the European Pillar of Social Rights outlined in 2016 contribute to rebalancing the EU's economic and social priorities? The EPSR represents a social policy framework with the potential to guide EU actions in the social domain in the next decade and, hopefully, to promote 'upward social convergence' among Member States. While it is obviously too early to assess the effectiveness of the EPSR, one wonders which criteria would be used for such an assessment. In other words, *what is the Pillar a social policy framework for?*

First, the future Pillar can be of use in re-launching EU initiatives in the social domain. Yet, an ambiguity emerges from the debate on the European Pillar – crafted as a solemnly proclaimed but non-binding instrument – concerning the policy instruments through which it will be implemented. The most likely scenario is that both 'hard' legislation and 'soft' governance instruments will be used, reflecting the varying legal EU competences in the social domain. As for concrete initiatives, some proposals have already been put forward by the European Commission in the 'Pillar package', such as the Work-Life Balance Directive, a first-stage consultation of the European social partners on the Written Statement Directive, an interpretative Communication and Staff Working Document on the Working Time Directive, and a consultation of social partners on access to social protection for all (including workers in non-standard employment and the self-employed). *But will this be sufficient to re-launch an ambitious EU social agenda promoting upward convergence?* Based on the evidence presented in this book, it is high time to be more ambitious, putting forward new proposals and revising old ones (see Section 3 below).

The second criterion for assessing the possible effectiveness of the EPSR framework is the extent to which it will be able to influence Member State policies. This should be

4. This flexibility appears in a new monetary context of 'quantitative easing' of the European Central Bank.

done through integrating it into the procedures of the European Semester. However, the concrete arrangements for integrating the Pillar into the overall EU socio-economic framework are still vague and very limited, mainly because of the high risk of failure due to the principle of subsidiarity in the social protection domain.

A final but very important criterion for assessing the future Pillar's effectiveness is the extent to which Pillar principles will be taken into account by economically-oriented players in their policy choices, starting with the social scoreboard accompanying the EPSR. In other words, will the EPSR succeed where the previous EU social policy framework – the Social Investment Package – failed (cf. Ferrera 2017; Sabato 2016)?

The EPSR has at least the potential to mark a quantum leap in EU social policymaking. First, the preliminary outline of the Pillar has transformed the (social) values and objectives of the Treaties into concrete 'principles'. The final version of the EPSR has framed these principles in terms of 'rights for European citizens'. This is however not sufficient. Indeed, in order to make the Pillar effective, a further step is needed: turning the rights stated on paper into effective and enforceable rights, guiding action at both the EU and Member State levels and ensuring that every European citizen has access to them.

In this context, work-life balance clearly figures high on the agenda of the European Commission which, as part of the European Pillar of Social Rights, presented a policy package on the topic in April 2017. The fate of the initiative is however uncertain, due to the doubts of a number of Member States and strong employer opposition. Nevertheless, the Commission intends to go ahead. As stated by Commissioner Marianne Thyssen in an interview with *Le Soir* (26 April 2017), the Commission will present its proposals on parental leave, despite opposition from BusinessEurope. *Is this a first sign of a renewed activism on the part of the European Commission, spurred by the adoption of the European Pillar of Social Rights?* As shown by Denis Bouget, Chiara Saraceno and Slavina Spasova (this volume), the issue of work-life balance is highly complex, with a remarkable variation in the situations and initiatives undertaken across the Member States. Somewhat worrisome, one common trait in the work-life balance policies in favour of people caring for dependent family members (a child or an adult with disabilities, or a dependent elderly person) adopted in the various Member States is that reforms are leading to the emergence of precarious working conditions for the caregivers. Furthermore, the focus of the EU policy discourse in this field is exclusively on caregivers in employment: no account is taken of the needs of caregivers outside the labour market.

Another domain where some progress can be seen concerns measures targeting older workers, a topic that, since the early 1990s, has been on the political agenda of most Member States. As flagged by Ramón Peña-Casas (this volume), the main development at European level is the Framework Agreement on Active Ageing and an Inter-Generational Approach concluded by the social partners in December 2016. Its purpose is to promote information and exchange of practices aimed at maintaining good working conditions throughout working life and at enabling people to work until the statutory retirement age (and beyond), in good health.

More contentious developments concern healthcare, a sector in which the European Union is showing a growing interest and involvement, including through the European Semester. In this volume, Rita Baeten addresses the issue of the regulation of healthcare providers, where the European Commission has taken major initiatives in 2016, also in an attempt to address the limits of the 2014 Service Directive. Strikingly, however, while the Service Directive provoked strong discussions, the new initiatives are somehow below the radar of key stakeholders. In particular, Baeten discusses three recent developments. First, as part of the roadmap set out in the Single Market Strategy, the European Commission launched its ‘Services Package’ with several proposals aimed at simplifying procedures for service providers and subjecting regulation in the service sectors to EU scrutiny. Second, the European Committee for Standardisation, one of the three European standardisation organisations, has established a Healthcare Services Focus Group to come up with (contested) proposals on an overall approach and methodology towards standardisation in the area of healthcare services. Third, there is a worrying link between the 2016 initiatives for removing obstacles to trade in services and recent developments in external trade policies, where the EU is negotiating a series of multilateral and bilateral trade agreements with a very broad focus on services, investment, government procurement, intellectual property rights and regulatory cooperation.

3. Looking forward: moving to high hopes *and* high yields

Our contention is that 2016 was characterised by mounting expectations but low actual delivery (the draft EPSR notwithstanding) in the social domain. Despite high hopes, yields were low, with burning problems – including Brexit, three years of the refugee crisis and the unbalanced EU socio-economic governance – remaining unresolved and even backfiring.

However, these challenges (in particular the Brexit shock) have led to an increased awareness of the unsustainability of the status quo and to high-level debates and reflections on the future of the Union (also spurred by the sixtieth anniversary of the Treaty of Rome). Indeed, in 2017, decisive documents and declarations have been published. To start with, the *Rome Declaration* was drafted in the wake of the Rome summit (European Council 2017)⁵. Second, the *White Paper on the Future of Europe* (European Commission 2017a) sets forth five possible scenarios for the future development of the EU up to 2025⁶. In between, the European Commission proposes a solution close to the ‘differentiation’ sketched by Fabbrini (2016), envisaging ‘coalitions of the willing’ – starting from the Eurozone Member States – reinforcing their cooperation in specific policy areas. The EU27 would then be connected through the Single Market and the four freedoms. These different perspectives have been further developed in specific reflection papers: on the social dimension of the EU, on harnessing

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5. Putting forward an agenda for a future based on four main aspects: (a) a safe and secure Europe; (b) a prosperous and sustainable Europe; (c) a social Europe; and (d) a stronger Europe on the global scene.
 6. Ranging from a minimalistic scenario (‘nothing but the Single Market’) to a more ambitious one, where the EU would do much together with its 27 Member States in more policy areas.

globalisation, on the deepening of the EMU, on the future of European defence and on the future of EU finances.

What is the weight of social policy in this debate? ‘Social Europe’ is among the key points of the Rome agenda while the Commission White Paper refers to further cooperation among groups of countries on ‘social matters’. The possible future developments for social Europe, however, are defined in the *Reflection Paper on the Social Dimension of Europe* published by the European Commission (2017b) in April 2017. Referring to the scenarios identified in the White Paper, the Commission proposes three options, ranging from the EU withdrawing from social policy (except aspects related to the Single Market), via further progress limited to the Eurozone Member States, to progress in selected social policy areas for the 27. In his *State of the Union* speech (European Commission 2017c), Commission President Jean-Claude Juncker expressed his intention to work for ‘a European Social Standards Union in which we have a common understanding of what is socially fair’ (a relatively new notion for the European Commission).

Interestingly, social policies have also been taken into account in the *Reflection Paper on the Deepening of the Economic and Monetary Union* (European Commission 2017d), which, besides discussing the opportunity of a European Unemployment Reinsurance Scheme, envisages a process of convergence towards ‘minimum social standards’ as identified in the European Pillar of Social Rights. However, the reference to such standards seems at odds with the Pillar’s ambition of ‘upward convergence’ among the Member States and will probably not suffice in rebalancing EU economic and social objectives. *What concrete initiatives, in addition to the recent agreement to reform the Posting of Workers Directive, can be envisaged to move social Europe forward? We suggest five concrete steps.*

3.1 A renewed commitment to inclusive growth and to fighting poverty and social exclusion

The EU has not made much progress towards achieving its Europe 2020 poverty and social exclusion target of lifting at least 20 million people out of poverty and social exclusion by 2020. Furthermore, national targets continue to vary in their ambition and do not add to the EU collective headline target. It should be noted that the Europe 2020 social inclusion target corresponds to a decrease of around 17% in 10 years (2010-2020), whereas the target in the context of the United Nations (UN) Sustainable Development Goals (SDG) – which all EU countries have signed up to – is far more ambitious. The UN target is indeed to *reduce by at least half* the proportion of men, women and children of all ages living in poverty in all its dimensions (according to national definitions) between 2015 and 2030.

The EU should step up its commitment to fighting poverty and social exclusion by detailing how EU countries should contribute to delivering on this SDG target. This EU dimension would be very innovative, since all countries will – surprising and unacceptable as it may seem – be free to use their own national definition of the ‘poverty’ rate that will have to be halved by 2030.

3.2 Further improving the EU's economic governance

As discussed above, the effectiveness of the EU's economic governance, *inter alia* through the European Semester, has been heavily criticized, with EU-driven austerity policies blamed for their consequences on economies and people's lives. Calls for a less stringent interpretation of budgetary rules – also by leading economists and even the Belgian Central Bank (which called for more leeway in the Stability and Growth Pact (SGP) to promote public investment) – need to be taken seriously. The flexibility in interpreting the SGP rules announced by the Commission President is not enough.

The EU needs to live by its own discourse on 'social investment', possibly even encouraging Member States by organise benchmarking in this area. Future Presidencies could pick up the idea of exempting (part of) education expenditure from public deficit calculation, as a way for Europe to show its 'caring face'. Such an idea may find wider support since it is a way of improving workforce skills, thus enhancing company competitiveness.

As argued above, involving key stakeholders is fundamental to further increasing the legitimacy of the European Semester. The European Commission could scrutinise more closely how Member States involve stakeholders in elaborating their National Reform Programmes (NRP) and implementing the CSR's (e.g. organising regular peer reviews in EU committees). In addition, European Semester Officers could be scrutinised on how and when they engage with national stakeholders.

3.3 Promoting a 'European Social Union'

As argued elsewhere, the Economic and Monetary Union (EMU) needs to be complemented by a 'European Social Union' (ESU), i.e. a *Union of Member States, with their own welfare systems but supported and oriented by the EU* (Vandenbroucke *et al.* 2014). This ESU should encompass:

- A common unemployment benefit scheme for the Eurozone (cf. Fichtner 2014) and a Framework Directive on minimum income, both of which would act as automatic stabilisers and solidarity tools (cf. EESC 2013; Peña-Casas and Bouget 2014; Vandenbroucke *et al.* 2014). Since especially the latter proposal is not very popular among Member States, future Presidencies could take a first important step towards a 'European Social Standards Union' by agreeing on guidelines for such standards, e.g. regarding the criteria for assessing minimum income adequacy.
- A Skills Guarantee, proposed by the European Parliament in its report on the EPSR: 'a new right for everyone, at every stage of life, to acquire fundamental skills for the 21st century, including literacy, numeracy, digital and media literacy, critical thinking, social skills and relevant skills needed for the green and circular economy [...]'.
[...].

In an ESU it will be vital to tackle child poverty and social exclusion, also essential as an investment in Europe's future sustainability. Future Presidencies may therefore want to revisit the idea of a European child guarantee financed by the EU budget, giving

every child now living at risk of poverty access to free healthcare, education, childcare, decent housing and proper nutrition (Atkinson and Marlier 2010; S&D 2017). Offering a guarantee of living standards through an ‘EU basic income for children’ is not only about tackling child poverty – even though that is of course paramount. A second reason is that it would contribute positively not only to the Europe 2020 poverty and social exclusion target but also to other Europe 2020 headline objectives.

The risks of poverty and social exclusion among children are important in their own right, but also have implications for the future. Poverty affects not only children’s well-being at the moment when resources are insufficient, but also their capacity to develop and to build up the required capabilities, including knowledge capital, cultural capital, social capital and health capital (CERC 2004). An EU basic income for children would thus also be a social investment, contributing to the education and employment EU headline targets. It would also contribute positively to female employment, and especially the employment of single mothers. It would also concretely demonstrate to EU citizens the importance of the social dimension of the EU, thereby helping strengthen European identity. This proposal would, finally, be fully in line with the spirit of the Pillar and of course with the 2013 EU Recommendation on Investing in Children⁷.

3.4 Making an ambitious EPSR operational as of Gothenburg

The proposed EPSR should be seen in the light of the formidable social challenges highlighted above: even if there is not much legislation on the table yet – on work-life balance, on the revision of the Written Statement Directive and consultation on a future ‘social protection for all’ initiative – the Commission is at least trying to create an ambitious social agenda. The solemn and unanimous proclamation of the EPSR in Gothenburg is essential if it wants to be an instrument that has the legitimacy to guide not only future European Commissions, but also economic players (including the ECB).

It is however essential that the EPSR is accompanied by a detailed roadmap for its implementation, as there is a risk that, without Juncker, the EPSR will remain a paper tiger. It is equally essential that the principles of the Semester are vigorously mainstreamed in all other EU policy instruments, especially in EU funding: when ‘soft’ governance is matched by funding, as is the case in the EES, leverage effects can be significant.

3.5 Making social protection for all a reality

One issue of particular concern is the problematic *de facto* access of non-standard workers and the self-employed to social protection across the EU, due to increasing variety and hybridisation of labour market statuses. Hence the Commission’s recent consultation on the topic in the context of the EPSR (‘Social protection for all’ initiative). Two empirical findings support such an initiative: (a) non-standard workers (NSW) and the self-employed (SE) are in practice excluded from key social security benefits; (b) the

7. We want to thank Hugh Frazer and Eric Marlier for pointing this out to us.

at-risk-of-poverty rate of the self-employed in 2015 was three times higher than that of salaried workers (with the exception of Hungary) (Spasova *et al.* 2017).

One vital challenge faced by this initiative is the trade-off between the inclusion of several categories of non-standard workers and self-employed people in social protection and the financial impact of this on national social protection systems. Future Presidencies could try to take this initiative further by: (a) drawing lessons from Member States' positive experiences with integrating excluded labour market categories in social protection; (b) organising in-depth knowledge of the way social protection of NSW and SE is financed in the 27 Member States; (c) addressing the major data and knowledge gaps on the social protection status, labour market status and quality of work of certain of NSW and SE categories; (d) tackling some burning definitional issues (the same labels are used to describe very different work/legal/social protection realities in the MS); and (e) assessing pragmatic scenarios that would bring about more de facto inclusion of NSW/SE without having to change the entire design of certain benefits/systems.

In sum, high-level reflections developed in 2016 – and which continued throughout the first months of 2017 – represent a real window of opportunity for re-launching the process of European integration, including its social dimension, in the following years. The question is of course whether, after eight years of economic crisis, the Union still enjoys enough citizen backing to perk itself up again. We tend to be hopeful. As shown by a recent Eurobarometer (2017) survey, despite longstanding problems, a majority of Europeans (56%) are optimistic about the future of the EU – an increase of six percentage points compared to autumn 2016 – and trust in the EU continues to rise, standing at 42% (up from 36% in autumn 2016 and 32% in autumn 2015). Furthermore, 40% of Europeans still have a positive image of the EU (+5 points since autumn 2016) while 68% of Europeans feel they are citizens of the EU, the highest level ever shown by this indicator. Whether these improving figures are harbingers of a 'European Spring', as the European Commission optimistically claims from cloud nine, remains to be seen. But there is a European *demos* waiting for answers: it is time to move from high hopes to high yields.

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