

Conclusions

The European Pillar of Social Rights as a game changer

Bart Vanhercke, Sebastiano Sabato and Dalila Ghailani

Introduction¹

A dominant feature of this annual review of social policy in the European Union (EU) is the way in which the European Pillar of Social Rights (EPSR) has started to influence EU policymaking, well before it was endorsed politically by the Gothenburg Social Summit in November 2017. The EPSR's new 'rights-based social investment approach' has left its mark on the 2018 European Semester, and has already triggered two batches of implementation initiatives: the 'Pillar Package' (April 2017) and the 'Social Fairness Package' (March 2018). These include ambitious legislative and non-legislative initiatives in the area of social policy. The initiatives surrounding the EPSR are critically examined in this edited volume, looking at both their positive and negative outcomes as well as their potential to serve as stepping stones towards a much-needed 'European Social Union' (ESU).

The chapters in this book show that the EPSR may very well be more than a formal (read: symbolic) proclamation of principles framed as rights. Indeed, as a result of the 're-politicisation' of EU social policies it has rapidly set in motion, the EPSR has the potential to become a true game changer. More particularly, it can be used as an authoritative lever for demanding more social rights for citizens. *But will it also be able to steer the direction of Member States' policies and, ultimately, the EU's macroeconomic policies?* In this concluding chapter we will argue that more ambitious initiatives, including a roadmap for implementing the Pillar and increased stakeholder involvement, will be needed to achieve these goals.

In a world characterised by changes in the very substance of work, largely dictated by new IT-governed processes, this volume also looks at social policy in the increasing number of EU-promoted initiatives in the field of self-employment, providing in-depth reflections on the many facets of self-employment (whether positive or negative) and on the significant gaps in social protection for this category of workers. The Commission's proposed Council Recommendation on the topic may be non-binding but can nevertheless be seen as a milestone in this policy area ruled by unanimity and

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subsidiarity. Turning to health and safety, the book critically discusses whether recent progress in the prevention of occupational cancers is more than the proverbial one swallow in the making of an occupational health and safety summer, a field in which workers' interests continue to be largely subordinate to business interests.

But this review of the EU's 'high-level' politics, as well 'day-to-day' social policymaking, presents not just the state of play in 2017. It also looks at the clouds building up on the horizon, questioning the very sustainability of social policy and programmes in the face of environmental challenges and forcing us to reflect on alternative approaches, such as 'green growth' and 'sustainable welfare' (or even, controversial as the notion may be, 'degrowth'). Such eco-social policies urgently need to be put on the agenda – *but at whose expense?*

In view of the formidable – old and new – social challenges faced by the EU and the Member States in this 'post-crisis, pre-Brexit' period, 2017 turned out to be a pivotal year for creating a shared understanding of the need for social protection systems to be strengthened. It is no coincidence that the President of the European Commission called for a 'European Social Standards Union' in his September 2017 State of the Union speech (Juncker 2017).

European Parliament elections are scheduled for 23–26 May 2019. The last European elections saw turnout rates declining. At national level, established (pro-EU) parties are losing power (the centre-left has collapsed in many countries), with seats taken by parties fuelled by populist, anti-immigration and increasingly anti-EU rhetoric². If the European elections follow these national trends, prospects for 'social' policy initiatives could become gloomy. Yet the social challenges remain formidable: in 2016, 23.5% of the EU population was estimated to be at risk of poverty or social exclusion; youth employment, having peaked at 23.7% in 2013, is decreasing but is still above the level observed in 2008 (15.6%); and gender gaps in the labour market remain a key challenge.

Before the current Parliament finishes its term, it should oversee completion of the official withdrawal of the UK, with or without an agreement. President Jean-Claude Juncker is not seeking re-election and it therefore remains to be seen whether his successor will embrace the creation of a stronger Social Europe and implementation of the European Pillar of Social Rights. Sixty years on, as this 19th edition of Social Policy in the EU demonstrates, the EU's social dimension is truly at a crossroads.

The EU debates about the future of (social) Europe which characterised the past year are discussed in Section 1, pointing to a sharpening of the profile of the EU's social dimension during 2017. Section 2 argues that, as a first step towards a 'European Social Union' (ESU), existing initiatives in the social sphere should be creatively (and visibly) pieced together. The question of how the EPSR could contribute to the ESU, empowering

2. In Austria, Sebastian Kurz's newly-formed Austrian People's Party won the most seats, while in Germany Angela Merkel remained Chancellor but suffered a blow as the right-wing Alternative for Germany party gained ground. In the Netherlands as well, support for the nationalist parties grew while centrist parties lost seats. In Italy, an extreme-right, sovereignist and eurosceptic party – the Northern League – is part of the government. Far-right, Eurosceptic parties with limited democratic credentials are in power in Hungary and Poland.

citizens through giving them access to both symbolic and instrumental resources, is addressed in Section 3, which also answers the question: *why should it be different this time?* Section 4 discusses whether the Pillar, considered as the new EU social policy framework, already influenced EU social policymaking in 2017. Some proposals for developing a stronger EU social dimension – including a pan-Eurozone unemployment insurance, a new balance between the social and economic dimensions and taking the Sustainable Development Agenda seriously – are put forward in Section 5.

1. Debating the future of (social) Europe

The shock waves created by the planned British exit from the European Union – scheduled to take place on 29 March 2019 – continued to loom large during 2017. The historic Brexit decision made it crystal-clear that continuing with the *status quo* is not an option. Yet the direction of travel is uncertain, with Member States deeply divided as to the way forward.

Some observers hoped that the Brexit decision and the related crisis of legitimacy and identity experienced by the EU would – finally – lead to a quantum leap forward in the integration process, for example through the reinvigoration of enhanced cooperation (Telò 2017). However, in practice there seems to be very little appetite for the idea of such a ‘coalition of the willing’. Other observers hypothesized that Brexit would spur further disintegrative dynamics, speculating about what a fully disintegrated Europe might look like (Rosamond 2016). Developments in the EU in 2017, as the chapters of this book demonstrate, point, instead, to a third (less dramatic) scenario: *incrementalism*, i.e. small yet significant steps driving European integration for the time being.

A first key step in the debate concerning the way forward for the EU was reflected in the Rome Declaration, signed on 25 March 2017 by the leaders of the EU 27 on the sixtieth anniversary of the Treaty of Rome. The Declaration identifies four, albeit non-conflictual, areas in which leaders pledge to work together: 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. At the same time, the Rome Declaration shies away from acknowledging past mistakes or providing an explanation as to why the EU has lost momentum, and why populists in key countries are on the rise.

The European Commission also fuelled the debate on the future of Europe through a White Paper (European Commission 2017a) setting out five scenarios for the future integration process: these range from a minimalist (‘nothing but the Single Market’) to a very ambitious option in which the 27 advance together in the integration process in specific policy areas (‘doing much more together’). In-between, the Commission imagines a scenario whereby a restricted number of countries deepen their integration in some areas, possibly joined by the others at a later stage (‘those who want more do more’).

The social dimension of the EU was among the key issues in the high-level debates that dominated the EU agenda throughout 2017. Besides featuring as a priority in both the aforementioned Rome Declaration and the Commission’s White Paper on the

Future of Europe, the Commission published a dedicated *Reflection paper on the Social Dimension of Europe* (European Commission 2017b)³ on 26 April 2017. Mirroring the White Paper scenarios, the Reflection Paper envisages three options for the social dimension: the EU withdraws from social policy (except for aspects related to free movement); further progress is limited to Eurozone members; or citizens' rights are fully harmonised in selected social policy areas throughout the EU 27.

That same day, the Commission issued its long-expected *Recommendation on the European Pillar of Social Rights* (EPSR) (European Commission 2017c). Aimed at promoting 'upward social convergence' in the Eurozone, the EPSR was published as part of a broader 'Pillar Package' and was followed by a second 'Social Fairness' implementation package in March 2018 (see Section 4.1).

In other words: at least in terms of discourse, 'EU social policymaking' was back in business in 2017, thereby laying the foundations for a future 'European Social Union'.

2. A 'European Social Union': piecing together the jigsaw puzzle of Social Europe

Clearly, the European Union is not starting from scratch when moving forwards in line with its revamped social ambitions. Vandembroucke and Vanhercke (2014) argue that over the past fifty years a European social dimension has been actively pursued, resulting in a considerable social *acquis*, including in the areas of employment and non-discrimination. The authors argue that the positive EU social *acquis* should be further developed into a 'European Social Union' (ESU⁴). ESU would not be a European welfare state but 'a Union of Welfare States' (ibid: 103), in which major responsibilities for social policies would continue to be in the hands of Member States. The main role of the EU would be to set common objectives, coordinate and support the work of its Member States and promote benchmarking and exchanges of good practices. However, a full-blown ESU would also require more ambitious EU initiatives such as a stabilization mechanism for the Economic and Monetary Union (EMU) (see Section 4).

One could contend that, in academic debates, the ESU already 'exists'. According to Hemerijck (2013), it would be a 'holding environment', i.e. 'a zone of resilience based on shared values and a common purpose, matched by competent institutions, in times of painful adaptation'. Its function would be '[...] to mitigate stress and thereby uphold the integrity of national welfare states, but also to maintain pressure to mobilize rather than overwhelm domestic reforms with only disciplinary intrusion' (ibid.).

3. Other European Commission Reflection Papers published as part of the debate on the future of Europe in 2017 concerned: a) the future of EU Finances; b) harnessing globalisation; c) the future of European Defence; and d) the deepening of the Economic and Monetary Union.

4. This notion was first introduced by Vandembroucke (2013) and further developed by Vandembroucke and Vanhercke (2014) in the context of the Friends of Europe's 2015 High-level Group on Social Union.

In an attempt to illustrate this notion, Maurizio Ferrera (in this volume) identifies five components that *already constitute* the first (but largely separate) building blocks of a fully-fledged ESU:

- the ‘national social spaces’: the ensemble of national social protection systems, all based on the common traditions of a ‘social market economy’;
- the ‘transnational social spaces’: the ensemble of social schemes and policies characterized by a cross-border element (e.g. cross-border occupational insurance schemes);
- the ‘EU mobility space’: the coordination of Member State social security systems and cross-border mobility of patients;
- the ‘EU social policy’ *stricto sensu*: the ensemble of supranational policies – regulative and (re-)distributive – with an explicit social purpose and possibly funded by the EU budget;
- The ‘EU fundamental social principles’: the set of objectives of a social nature contained in the Lisbon Treaty, including those that allocate responsibilities between levels of government and define decision-making procedures in this field.

At least initially, an ESU would not be much more than a formal re-assemblage of these already-existing elements. However, as Ferrera argues, the mere discourse over an ESU, an act of ‘naming’ and the smart packaging of its first measures, could have a significant impact. Two questions then arise: a) *how to make the best use of the separate components already in place and create synergies⁵ between them, so as to give flesh and bones and a specific meaning to the notion of the ESU?* And b) *what role can be played by the European Pillar of Social Rights in creating a fully-fledged ESU?*

3. The Pillar as a key component of the European Social Union

3.1 The European Pillar of Social Rights: what’s in a name?

According to Maurizio Ferrera (this volume), the ESU comprises the EPSR, but is not coterminous with it. The EPSR can be understood as ‘an operational arm of fundamental social principles’, empowering citizens by providing them with both normative/symbolic and more policy-oriented/instrumental resources.

The Pillar could first be considered as a symbol showing the EU’s renewed commitment to protecting the social rights of its citizens. While it is clear that symbols are important in politics, they need to be endorsed and supported by national political leaders, paving the way for substantial initiatives at EU level and in the Member States. The extent to which

5. Ferrera (in this volume) refers to a ‘[...] creative re-assemblage of the five components [requiring a] demanding exercises of political and institutional imagination’.

this is the case for the EPSR is questionable. Admittedly, the unanimous endorsement of the EPSR by the EU28 gave it much wider geographical coverage than initially intended: the instrument was essentially proposed for the Eurozone. This also means, however, that the Pillar has been endorsed by heads of state or government who are openly against any further steps towards a more social Europe, as well as, paradoxically, by Theresa May, the prime minister of a country set to leave the EU. In spite of the explicit commitment made to the Pillar by certain European leaders (e.g. French President Macron), several Member States seem to support the Pillar in word only.

A more optimistic reading is that ‘socially-oriented’ players could use the solemn inter-institutional proclamation of the Pillar by the European Parliament, the Commission and the Council of the EU as a powerful vehicle to hold national decision-makers and EU institutions accountable for any initiatives (including EU macro-economic and fiscal policies) going against the principles/rights they have endorsed at the highest political level. They could also use it to lobby for new political initiatives to promote implementation of the Pillar principles. The fact that the Pillar has, as we will discuss below, already influenced ongoing EU social policy initiatives (incl. the European Semester) and spurred new ones (incl. social partner consultations and tabled legislation) suggests that its commitments may be more firmly institutionalised than previous instances of soft governance.

For such ‘usage’ of the Pillar by social players to be effective, it must be visible to those players potentially referring to it. While it is true that the March 2016 ‘first preliminary outline’ of the Pillar was subject to a broad public consultation⁶, arguably enhancing its visibility and ownership (appropriation), it seems likely that this appropriation was mainly limited to the European trade union movement and EU-level social NGOs (Sabato and Corti in this volume; Carella 2017). Little is known about the Pillar’s visibility at national level or to what extent it has been discussed in national mass media.

The question, then, is: *what kind of ‘rights’ could the Pillar help to uphold?* Sabato and Corti (this volume) maintain that the principles of the Pillar point to ways in which certain rights could be applied. According to the authors, the Pillar introduces a new ‘rights-based social investment approach’ to EU social protection and inclusion policies. Such an approach would link the implementation of rights to the ideas couched in the previous Social Investment Package (SIP). The question however arises: *is there any reason to believe that, this time, things will be different?*

3.2 Why the Pillar could make a difference: the re-politicisation of EU social policies

Is it naïve to assume that the twenty ‘principles’ and ‘rights’ enshrined in the EPSR and structured in three broad chapters (equal opportunities and access to the labour market, fair working conditions, and social protection and inclusion) will be made operational?

6. The public consultation involved European and national public authorities, social partners and NGOs (for a further discussion, see Sabato and Vanhercke 2017).

There are grounds for scepticism. The first is a legal point: in spite of the Pillar's rhetoric of 'rights', it is not clear which body shall grant these rights or who will enforce them. While the Pillar will be implemented through a variety of EU instruments including legislation, the Commission seems to be set on relying heavily, as was the case with the Lisbon Strategy and the Europe 2020 Strategy, on non-binding instruments such as the Open Method of Coordination (OMC) and the European Semester.

This argument, however, overlooks one key element: the Pillar has very quickly led to a 're-politicisation' of EU social policies. According to Sabato and Corti (this volume), the EPSR is, indeed, a truly 'political' instrument, in contrast to previous, mostly 'technical' EU social policy frameworks such as the European Employment Strategy (EES), the Social Open Method of Coordination (Social OMC) and the Social Investment Package (SIP). While these soft governance tools had demonstrable substantive and procedural impact on national and EU social policymaking (Vanhercke 2016), debates about (EU) social policies tended to be highly specialised discussions among an inner circle of social players.

The effect of this 're-politicisation' is that, building on the ongoing 'socialization' of the European Semester (Zeitlin and Vanhercke, 2017), EU social policies are no longer confined to a relatively insulated position among the inner circle. They are now being coupled with EU macro-economic and fiscal policies, the latter being the subject of harsh political cut and thrust.

There are a few good reasons to explain the 'political turn' of the Pillar:

- first, the *political context*: the Pillar was adopted at a time of heightened interest in EU social policies, as part of the broader, high-level political debate on the future of Europe launched after the Brexit decision;
- second, its *origins*: the initiative was proposed by the President of the European Commission himself, with a key role played, in the definition of its contents, by the Secretariat-General of the Commission and the President's personal staff (cabinet);
- third, its *development*: as explained above, the Commission's draft Pillar was subject to broad public consultation. During this consultation, EU political players, in particular the European Parliament, were very active (Vesan and Corti 2018);
- fourth, its *endorsement*: as explained above, the Pillar was solemnly proclaimed by the European Commission, the European Parliament and (unanimously by) the Council of the EU, unequivocally recognising the importance of 'Social Europe';
- fifth, the *rights-based language* used in the EPSR bears witness to its political nature. Indeed, as noted by Ferrera (this volume), rights can be understood as sources of power, and power is one of the key ingredients of politics.

While this politicisation theory and its implications should be further investigated, the EPSR may represent a move towards a future where EU social policy is no longer left 'to the judges and the markets' alone (Leibfried 2015). It would indeed seem that, through

the above-mentioned ‘rights-based social investment approach’ to EU social protection and inclusion issues, politics has stepped (back) in. The question then is: *what has the Pillar achieved so far?*

4. From debates to action: the Pillar as a new EU social policy framework

Did the new Pillar already influence EU social policymaking in 2017? We answer this question by understanding the Pillar as a new ‘EU social policy framework’ (Sabato and Corti, this volume), i.e. a policy infrastructure combining the various elements of public policy, from agenda-setting to implementation. The authors argue that such an EU social policy framework could serve three functions, with its effectiveness assessed by considering how well it has fulfilled these: a) revitalising the EU social policy arena and revamping the EU social legislative agenda; b) influencing Member States’ (social) policies through the Semester; and c) influencing the EU’s macroeconomic and fiscal policies, thus striking a new balance between the EU’s social and economic dimensions. We will discuss these three functions in turn, drawing on the evidence provided in the chapters of the present volume.

4.1 Revamping the EU social policy agenda

We have argued that the run-up to the EPSR revitalised the EU social policy arena, notably through the abovementioned broad public consultation throughout 2016 (Sabato and Vanhercke 2017). The consultation indeed gathered opinions on the proposed Pillar from a wide variety of domestic and EU stakeholders, fostering a rich debate about how it would be implemented in practical terms.

According to Clauwaert (this volume), the two above-mentioned European Pillar of Social Rights implementation packages did more than just revitalise debates and empower players: they relaunched a new EU legislative social policy agenda, putting ‘meat on the bones’ of the commitment to deliver on the EPSR. Thus, the ‘European Pillar Package’ proposed a revision of the Written Statement Directive, the proposal for a Directive on Work-Life Balance for parents and carers, the consultations on access to social protection for workers and the self-employed as well as the interpretative guidance on the Working Time Directive. The ‘Social Fairness Package’ encompasses the establishment of a European Labour Authority (ELA) and a proposal for a Council Recommendation on access to social protection for workers and the self-employed. In addition, the Commission announced a legislative proposal regarding a European Social Security Number, and a long overdue compromise was reached regarding the revision of the Posting of Workers Directive⁷.

7. While closely related to the ELA, the commitment to revise the Posting of Workers Directive (Directive 96/71/EC) was announced in the 2016 European Commission Work Programme and hence predated the EPSR.

Three main caveats can be identified with regard to these initiatives, making it difficult to predict their future added value in protecting workers' rights:

- first, the high level of antagonism between the European social partners, making them unable to enter into formal negotiations on these and other initiatives. This could seriously limit the future effectiveness of the EPSR, since the (EU and domestic) social partners have always been considered key players in its implementation;
- second, disagreements among Member States could mean that, for most of these initiatives, the aims of the Commission's proposals will be watered down, during the legislative process, to the lowest common denominator, since the process may prove to be long and 'bumpy' (most strikingly regarding the proposed Directive on Work-Life Balance);
- third, the European Commission has become active again in the social domain: it has been at the forefront of these (legislative and non-legislative) initiatives despite predictable resistance from the EU social partners and within the Council.

The publication of the EPSR also gave momentum to addressing the issue of the social protection of the self-employed and non-standard workers at European level⁸. Spasova and Wilkens (this volume) describe that, in a changing European labour market, hybrid forms of employment – such as 'dependent' and 'bogus' self-employment – have emerged, especially in the platform-driven section of the economy. These hybrid forms of employment have increased to a point where they represent a challenge for national labour and social legislation as well as for the financing of social security systems. Crucially, the labour situation of people in self-employment differs widely: this category of workers has 'many faces' in terms of entrepreneurialism, economic dependence and precariousness.

The self-employed can no longer be perceived as archetypal representatives of the well-off liberal professions with good working conditions (merely 8% of them belong to this group). Many of them are 'vulnerable' and 'concealed' self-employed struggling with precarious working conditions and low incomes. Even though their situation varies widely among Member States, they often do not have access to certain insurance-based schemes: mainly sickness, unemployment and accident-at-work and occupational injury benefits. Only twelve EU Member States provide comprehensive access, i.e. compulsory or voluntary insurance under all statutory social protection schemes (Spasova *et al.* 2017). The chapter also discusses the growing political awareness of and initiatives regarding these issues, particularly at European level. In the slipstream of the EPSR, the European Commission launched a two-stage consultation (April 2017-January 2018) with the European social partners on a possible (legislative or non-legislative) EU initiative on access to social protection for all employment types.

8. Principle 12 of the EPSR states that 'regardless of the type and duration of their employment relationship, workers, and, under comparable conditions, the self-employed, have the right to adequate social protection' (European Commission 2017c).

Since the social partners were unable to reach agreement on entering into negotiations – mainly as a result of BusinessEurope’s negative stance –, the Commission decided to resort to a non-legislative initiative, tabling a proposal for a Council Recommendation identifying a common set of building blocks for the design of Member State social protection systems. Despite its non-binding nature, the level of ambition of the future Recommendation remains uncertain in view of Member State resistance. Nevertheless, as Spasova and Wilkens claim, the Commission proposal represents a milestone in terms of EU discourse and action in this highly sensitive policy area.

The EU’s health and safety regulatory framework is at the heart of Vogel’s chapter (this volume). Focusing on the revision of the Directive on the protection of workers from the risks related to exposure to carcinogens or mutagens at work, the author explains that the adoption of the Single European Act in 1986 was followed by ten or so years of very productive legislative activity on occupational health issues, leading to a radical overhaul of national occupational health rules in many Member States. The author adopts a historical perspective, identifying two periods (‘legislation’ and bureaucratisation’) and discussing whether a third (‘revival’) period could be on the horizon.

According to his analysis, during the 1990s the approach shifted from prioritising improvements in working conditions in relation to workers’ health and safety to prioritising the objectives of economic growth and enhanced competitiveness, notably in the context of the ‘Better Regulation’ initiative and accentuated by the REFIT initiative. This move *de facto* blocked further legislative initiatives in the domain of health and safety at work. Vogel suggests that the Directive on carcinogens at work adopted in December 2017 may represent a change of direction, focusing again on the rights of workers to a healthy and safe work environment. However, we still do not know how much these ‘winds of change’ regarding the prevention of occupational cancers can help to revive EU policies in other priority occupational health fields: as Vogel argues, one swallow doesn’t make a summer.

Summing up, the legislative and non-legislative EU social policy agenda was revamped throughout 2017, with the EPSR opening a window of opportunity immediately after its formal adoption. However, the political fate of the new initiatives is still uncertain. Moreover, as pointed out by Clauwaert (this volume), the repeated refusals by the social partners, within a very short period, to enter into negotiations may well have inflicted serious collateral damage on European social dialogue. The author even wonders how the European social dialogue, already weakened, will be able to overcome this serious setback. The next Work Programme of the European social partners will be the proof of the pudding: *are both sides of industry still willing and able to tackle key labour market issues such as the consequences of digitalisation?*

4.2 Steering Member States’ policies through the European Semester

The second function of the EPSR should be to steer Member States’ policies in the direction of common EU orientations, notably through the European Semester.

Sabato and Corti (this volume) claim that the Commission has failed, so far, to create interlinkages and synergies between the Pillar and other ‘Social Europe’ instruments and processes, such as the Social OMC and the SIP.

The governance arrangements for the implementation of the EPSR were to some extent clarified in March 2018 (European Commission 2018): the Pillar principles and rights will be considered throughout the European Semester in monitoring, comparing and assessing the progress made (ibid: 10). A thematic approach will be adopted: some specific themes will be highlighted for detailed assessment in the Country Reports (CRs). The Member States will be requested to set out, in their National Reform Programmes (NRPs), priorities and concrete actions for national implementation of the Pillar.

Although arrangements for implementing the Pillar through the Semester were only specified at the beginning of 2018, Sabato and Corti demonstrate that the EPSR has already had an impact on the first stages of the 2018 European Semester cycle, notably on the Annual Growth Survey 2018 (AGS), the Draft Joint Employment Report 2018 (which used, in its analysis, the headline indicators of the Pillar’s Social Scoreboard) and on the Commission proposal for the new Employment Guidelines, all of which were tabled in November 2017. In other words: the European Commission did not even wait for the formal proclamation of the EPSR to start mainstreaming its discourse into its core publications. The extent to which the principles and rights of the Pillar will be considered at national level in the National Reform Programmes remains to be seen.

A crucial lever enabling the EU to steer Member States’ policies, including in the context of the EPSR, is stakeholder involvement. Social partners (trade unions and employers) as well as civil society organisations are to be considered as key players in employment and social policymaking, and should be better involved in the EU’s socio-economic governance. Initial mechanisms for involving social stakeholders were weak, not allowing for any meaningful involvement in the Semester (Sabato and Vanhercke 2017). Since then, and in particular from 2014 onwards, their involvement in the EU’s socio-economic governance has increased, in a context of the ongoing ‘socialization’ of the Semester. The situation at national level is however more varied.

In sum, the jury is still out as to whether the EPSR, and other recent social initiatives, will allow for a more effective steering of Member State policies. The fact that the Commission ultimately opted for a recommendation, rather than a directive, on social protection for all types of workers was a disappointment in this respect. The degree to which the social legislation tabled (e.g. regarding work-life balance) will have the necessary ‘clout’ to direct national legislation crucially depends on the extent to which the Commission’s initial ambitions can be upheld during the legislative process. While the precise governance arrangements for the Pillar (especially the synergies with other processes) remain unclear, the EPSR has already influenced the approach taken in the 2018 Semester Cycle.

4.3 The Achilles heel: reconciling EU social, economic and environmental policies

A final function – a litmus test for the effectiveness of the EPSR – is its capacity to influence the direction of EU macro-economic and fiscal policies so as to ensure that Member States have sufficient budgetary resources to implement initiatives related to the Pillar. Putting the Pillar into practice will not be cheap. Given that both the Macro-economic Imbalances Procedure (MIP) and the Excessive Deficit Procedure (EDP) are based on strong sets of indicators, Sabato and Corti (this volume) are rather sceptical as to whether the EPSR will be able to effectively perform this ‘reconciliation’ function; if it cannot, it may be difficult to implement the 20 rights and principles at national level.

In particular, the authors point out that a) the Social Scoreboard accompanying the EPSR is still incomplete, as it does not reflect all the principles and rights enshrined in the Pillar; b) its function should be better defined and the ways in which it is linked to existing EU employment and social protection scoreboards⁹ further specified; and c) its ‘weight’ and function in relation to the Scoreboards of the MIP and of the EDP should be clarified. More efforts will therefore be needed to ensure that EU economic and social policies are consistent, complementary and mutually reinforcing.

Analysed by Peña-Casas, Ghailani and Coster (this volume), the reconciliation of economic and social policies is at the heart of the issue of digitalisation and its impact on jobs and work content. Although some improvements in working conditions can be expected from digitalisation, the authors identify a number of serious risks. These are mainly related to employment and working conditions (impact on the availability and types of jobs and on job quality), work organisation (e.g. flexibilization dynamics, pace of work and consequences in terms of work-life balance) as well as physical and mental health risks for workers (e.g. stress, mental fatigue, alienation and depersonalisation of tasks). Both the social partners and the EU have a key role to play in addressing the consequences of digitalisation, making the most of its opportunities and attenuating its risks.

High on the agenda of the social partners, the future of work in the digital economy has been the subject of social dialogue at both EU and national levels. This is true, for instance, for a new social right in the era of digitalisation, the ‘right to be disconnected’. In France and Italy, agreements have been reached on this issue. Peña-Casas *et al.* note that, to date, the EU has mainly approached the issue of digital transition by considering the competences required in this new context, and the development of a single digital market. A more comprehensive understanding of the phenomenon is needed, also including its consequences for working conditions and physical and mental health.

This said, while reconciling EU economic and social policies will be a challenging task *per se*, there is a third dimension needing to be considered: environmental policies and, in particular, policies to combat climate change. As demonstrated by Koch (this volume), policies in this field are urgent in view of the threat that climate change represents for the sustainability of social policies in their current form. While environmental concerns

9. Notably the Employment Performance Monitor (EPM) and the Social Protection Performance Monitor (SPPM).

remain largely ignored in social policy debates, the two sets of concerns are set to be increasingly interwoven. Both direct and indirect climate change impacts will require public investment and policy reconfigurations, whilst traditional social policies are likely to face increasing fiscal competition from prioritised environmental policies, such as strengthening sea defences or greening energy production. This will take place in an international context of double injustice where (a) the groups bearing the brunt of climate change are those least responsible for causing it and (b) the poor are the least able to bear the financial burden of climate policies (ibid).

Ian Gough (2011) identifies three possible policy strategies for addressing climate change:

- the first, ‘irrational optimism’, is based on the idea that faster growth and technological progress will equip future generations to cope with climate change, mainly through adaptation;
- dubbed ‘green growth’¹⁰, the second (mainstream) strategy postulates the possibility to achieve synergies between economic, ecological and welfare goals by reducing energy and raw material consumption and the EU’s dependency on the fragile geopolitics of fossil energy supply, providing jobs in the expanding ‘green’ sector and meeting carbon emission reduction targets;
- the third strategy is dubbed ‘sustainable welfare’, specifically addressing the role of social policy in an ecological and social transition beyond the growth imperative. According to this strategy, we should go beyond what Dominique Méda (2013) labels ‘the mystique of growth’. Recently, 283 academics indeed called upon the EU and its Member States to plan for a post-growth future¹¹, making a case for turning the Stability and Growth Pact (SGP) into a “Stability and Wellbeing Pact” (The Guardian 2018). This strategy would be politically very demanding, entailing a re-thinking of the functions of both social welfare and economic growth while requiring the implementation of unpopular measures: beyond basic human needs, material welfare and wellbeing would be made secondary to environmental sustainability.

In the EU context, the ‘green growth’ perspective has inspired a number of initiatives, some in the context of the Europe 2020 Strategy. The latter, with its objective to pursue smart, sustainable and inclusive growth, includes targets concerning economic, social and climate change dimensions. This said, however, the potential of Europe 2020 to create linkages and synergies between these three dimensions was dramatically reduced by the decision to remove environmental objectives from the European Semester. The announced specific coordination arrangements designed to link socio-economic policies in the Semester with existing strategies in the environmental domain are visible only to

10. This strategy has been actively promoted by the Organisation of Economic Cooperation and Development (OECD), the World Bank, the United Nations Environment Programme (UNEP) as well as the EU and its Member States.

11. Within civil society and academia, ‘a post-growth movement has been emerging. It goes by different names in different places: *décroissance*, *Postwachstum*, steady-state or doughnut economics, prosperity without growth, to name a few. Since 2008, regular degrowth conferences have gathered thousands of participants’ (The Guardian 2018).

the trained eye. As argued by Koch (in this volume), in practice much of the burden of creating synergies between economic, social and environmental priorities to meet the goals defined at European level is left with Member States. The main policy instrument through which the EU aims to achieve its climate targets, the EU Emissions Trading Scheme (EU ETS), has – to date – had virtually no effect on curbing emissions.

An in-depth reflection, and hard political choices regarding the relationship between and the respective functions of the objectives of (high) economic growth and competitiveness, (high) social standards and (high) environmental protection, are more than urgent. Taken together, they represent a perfect trilemma: maximum value cannot be achieved in all three dimensions. Attempts to address this trilemma can no longer be postponed.

5. Towards a stronger social Europe: proposals for the future

In this section, we put forward some policy proposals aimed at contributing to the broad democratic debate on the future of a more social Europe. Admittedly, some of them will be hard to implement in the present political context. This is, however, the time to be ambitious and creative. After all, what is at stake is no less than the future (read: survival) of the European project after Brexit, its first serious setback.

5.1 A roadmap for the implementation of the European Pillar of Social Rights

The proclamation of the European Pillar of Social Rights was not accompanied by a roadmap for its implementation. This was a deliberate choice by the Commission, the result of political realism. It would be better, it was felt, to focus on implementing, before the end of the Juncker term, the initiatives already tabled, without expending too much energy on a myriad of initiatives unfinishable in the short term.

We maintain that a comprehensive, strategic approach to Pillar implementation requires a precise roadmap setting out short-, mid- and long-term actions. Such a roadmap would be an important legacy for the next Parliament and Commission, which may be less inclined to deepen the process of European integration, including its social dimension.

Establishing this roadmap should – as far as possible – be a participatory process, involving EU and national institutions and stakeholders. In this way, it could have a real impact on the next EU leadership: the next Parliament and Commission could disagree with a shared and strong (social) roadmap but could hardly ignore it.

The Pillar roadmap should include realistic but ambitious initiatives, designed to be gradually implemented over time. Table 1 below illustrates some examples of initiatives that could be included and further elaborated.

Table 1 Elements for an EPSR implementation roadmap

Short-term initiatives
Directive on work-life balance to be adopted
Endorsement of the Council Recommendation on access to social protection for workers and the self-employed
Adoption of the Directive on transparent and predictable working conditions ¹²
Benchmarking and mutual learning exercises with a view to establishing wage floors in the form of a national minimum wage
Decision on the European Labour Authority
Revision of the Social Scoreboard to more fully reflect the Pillar
Earmarking an adequate level of resources for implementing the Pillar in the EU's post-2020 multi-annual financial framework
'Greening the European Semester' by reflecting the results of the Environmental Implementation Review (EIR) in the Semester's key tools.
Medium-term initiatives
Embedding an environmental pillar in the post-2020 EU grand strategy for coordinating national economic, social and environmental policies
Setting up of a 'European Unemployment Reinsurance Scheme'
Framework Directive on Minimum Income Schemes
Exchange of good practices concerning the calculation of minimum pensions
Studying the feasibility of a European Child guarantee
Directive on Effective Enforcement of Workers' Rights
Long-term initiatives
Arrangements to link the Pillar and the post-2020 EU grand strategy to the Sustainable Development Agenda
A Social Progress Protocol in any future Treaty change
A Social Rights Test for all new EU policies
Elaboration of a Social Imbalances Procedure

Source: adapted from Sabato *et al.* 2018: 34.

5.2 Striking a new balance between EU economic and social policies by strengthening the social dimension of the EMU

Over the years, criticism of the governance of the EMU has grown, directed at both its economic and political unsustainability. A debate has been launched on the possibility of reforming the EMU, including a strengthening of its social dimension. With regard to this latter aspect, the macro-economic and fiscal policies adopted by the EU – including in the context of the Stability and Growth Pact – have often constrained the development of effective social policies. Against this backdrop, macro-economic policies should not only aim at economic convergence between the Member States but also – in line with the objectives of the EPSR – at social convergence. Two specific proposals stand out for

12. Resulting from the revision of the Written Statement Directive.

the Eurozone countries: a) a budget for the Eurozone; and b) a new balance between the Eurozone's social and economic dimensions.

The possibility of creating a budget for the Eurozone, possibly accompanied by the appointment of a European Finance Minister, has been an issue at the centre of the political debate in recent years. The idea has been pushed by French President Macron since his election in 2017, as part of a more comprehensive reform of Eurozone governance, to a certain extent¹³ backed by German Chancellor Angela Merkel. According to the French-German Declaration¹⁴ of June 2018, such a budget would be one way to ensure convergence and stabilization in the EMU, and should be funded through national contributions, allocation of tax revenues and European resources. However, the Declaration remains vague, not entering into any details of how large such a Eurozone budget should be. It is also not clear whether and to what extent the budget would be used (also) for social purposes. The only specific reference to social policy is the idea of a macro-economic stabilization instrument, in the form of a common unemployment insurance or re-insurance scheme¹⁵.

The proposal for a future Eurozone budget should be more ambitious in terms of size and functions: its aims should include addressing critical social situations in Eurozone countries, beyond the issue of unemployment. Such a budget should include the creation of a fund to boost investment in social infrastructure, as proposed by a High-level Task Force on Investing in Social Infrastructure in Europe chaired by Romano Prodi (Fransen *et al.* 2018). According to this proposal, the fund should be aimed at filling the gap in social infrastructures in a number of policy areas such as education. Ferrera (this volume), speaks of considerable popular support (perhaps even a 'silent majority') in several EU countries for a larger EU budget of this type. The investment functions of social policy would need to be enhanced and more closely linked to environmental investment.

The second proposal would be to further adjust the balance between the Eurozone's social and economic dimensions by setting up a mechanism counterbalancing the weight of economic procedures, notably the Macro-economic Imbalances Procedure and the Excessive Deficit Procedure, and increasing the importance of social aspects. We propose in particular the setting-up of a 'Social Imbalances Procedure' (SIMP). In our view, such a procedure would have two components: a monitoring component and an action-oriented component. The function of the first would be to identify 'excessive social imbalances'¹⁶. Such monitoring is already partially performed through the EPSR

13. Such an agreement has however provoked major tensions in the German government coalition; <https://www.euractiv.com/section/economy-jobs/news/strong-reactions-in-germany-against-eurozone-reform/>

14. <https://www.diplomatie.gouv.fr/en/country-files/germany/events/article/europe-franco-german-declaration-19-06-18>

15. The expression used in the French-German Declaration is 'European Unemployment Stabilization Fund'. In the Commission's Reflection paper on the Deepening of the Economic and Monetary Union (European Commission 2017d: 26), there is also a reference to the possibility of setting up a 'European Unemployment Reinsurance Scheme'. German Finance Minister Olaf Scholz was reported to be willing to propose a europäische Arbeitslosenversicherung to the ECOFIN Council. <https://www.handelsblatt.com/politik/international/vertrauliches-papier-das-sind-die-details-zu-scholz-plaenen-fuer-eine-europaeische-arbeitslosenversicherung/23192280.html?share=twitter>

16. Vandenbroucke *et al.* (2013: 5) define excessive social imbalances as '[...] a set of social problems that affect Member States very differently (thus creating 'imbalances') but should be a matter of common concern for all Eurozone members'. Examples would be youth unemployment and child poverty.

Social Scoreboards, which provide a snapshot of the social situation and developments in Member States. Social performances in terms of levels (current situation) and changes (compared to the previous year) are combined (using a predefined matrix) so that each EU country is classified into one of seven categories¹⁷. This said, certain shortcomings in the Social Scoreboard need to be improved, allowing it to perform this function more effectively (see Sabato and Corti, this volume), including in the context of the monitoring framework for the Sustainable Development Goals (SDG) (see Section 5.3).

The second component of a future SIMP would be action-oriented. Once a critical situation has been identified in a Member State, its respective government and the Commission would draft a compulsory multi-annual strategic plan defining how to address it. To implement these plans, all available EU instruments would be brought to bear in a coherent and mutually reinforcing manner: EU funds (incl. the Commission's Investment Plan for Europe and the aforementioned proposed fund for social infrastructure), the instruments of the European Semester (in particular the CSRs and NRPs) but also 'soft governance' instruments, such the Social OMC's mutual learning exercises. Importantly, macro-economic and fiscal policies would also need to take into consideration the need to address the identified social imbalances, enabling national governments to combine conditionality (i.e. the need to follow EU orientations and recommendations) and subsidiarity (i.e. the autonomy of national governments in defining their social policies).

In our view, such a Social Imbalances Procedure would not require a Treaty change: in line with the political nature of the EPSR, it would be a political commitment by the Commission and the Member States. In the future, the governance procedures for social and macro-economic policies could be streamlined by integrating them, through a Treaty change, into a single 'Economic and Social Imbalances Procedure' (ESIP).

5.3 Taking the Sustainable Development Agenda seriously

On 25 September 2015, the United Nations General Assembly formally adopted the 2030 Agenda for Sustainable Development, along with a set of 17 Sustainable Development Goals (SDGs) and 169 associated targets (United Nations 2015). The SDG agenda promotes an integrated notion of development aimed at creating synergies between economic, environmental (including climate change) and social policies and objectives. With regard to social aspects, at least seven SDGs are linked to the principles and rights enshrined in the EPSR: ending poverty; zero hunger; good health and well-being; quality education; gender equality; decent work and economic growth; and reducing inequalities.

The EU has undertaken to implement the SDGs in both its internal and external policies. However, as we have shown in Section 5.2, it is experiencing remarkable difficulties in integrating economic, social and environmental policies in a coherent manner and creating synergies between them. The UN 2030 Agenda for Sustainable Development

17. These categories are 'best performers', 'better than average', 'good but to monitor', 'on average/neutral', 'weak but improving', 'to watch' and 'critical situations'.

and the SDGs, duly adapted to the EU context, should be the framework for the next EU post-2020 grand strategy. The objective would be the pursuit of sustainable development, an objective already enshrined in the Treaty and much broader than the idea of sustainable growth upon which the Europe 2020 Strategy is based. In this respect, the integrated approach of the 2030 agenda should stand as an example for EU policies formulated through the European Semester. The latter is incomplete, as it ignores the environmental dimension of development. Policies and objectives for fighting climate change should be brought (back) into the Semester, and synergies with social and economic policies should be developed. Such a ‘policy coherence operation’ is difficult but necessary, and EU proposals are expected by December 2018, with the publication of a Reflection paper on ‘Towards a sustainable Europe by 2030’.

5.4 Boosting stakeholder involvement

The role and autonomy of the social partners in labour relations and European social dialogue is recognised in the EU Treaty (Article 152 TFEU). However, the contribution of civil society organisations to the EU’s socio-economic governance is far less clearly established.

And yet, we argue that both social partners and civil society (‘social stakeholders’) could perform at least three functions in the implementation of the EPSR, including through the European Semester:

- first, they could work with the Commission as ‘early warning mechanisms’ to monitor the social situation in Member States. Working ‘on the ground’, social stakeholders are able to detect changes in the social situation before these are revealed by research and official statistics. The Commission should take advantage of this;
- second, social stakeholders should be considered as key partners for implementing the Pillar. They could perform such a function both directly and indirectly. On the one hand, they are often directly involved in the implementation of social policies, including the most innovative ones (Sabato and Verschraegen 2016). Moreover, social stakeholders can push national governments to implement the Pillar (incl. at the time of the forthcoming European elections), requiring them to respect the solemnly proclaimed principles;
- third, social stakeholders can contribute to the debate about the Pillar among their members and the public at large: improving awareness is fundamental to increasing the legitimacy of the initiative, and to show that the idea of a ‘Caring EU’ is not an elusive concept (Friends of Europe 2015).

While both EU social partners and peak-level civil society organisations already take on these three functions, more efforts are needed, especially at national level. The Commission should provide these organisations with adequate resources and make sure that they are not merely ‘listened to’ but also ‘heard’.

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