Social policy in the European Union: state of play 2021

Re-emerging social ambitions as the EU recovers from the pandemic

Twenty second annual report

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European Trade Union Institute (ETUI)
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Preface

The European Union is currently fighting on two main fronts, Covid-19 and climate change, though with skirmishes elsewhere – including migration and the rule of law. While science seems to be slowly gaining the upper hand in the fight against the pandemic, despite setbacks like the latest Omicron attack, Covid-19 continues to hold global society in its grip. But the second nut is even harder to crack. Climate change is rolling out its forces, in the form of floods, droughts, tornados and hurricanes, and striking indiscriminately.

With this as background, the first chapters of this year’s *Bilan social* analyse the pandemic’s impact on various socio-economic groups and economic sectors: as was the case in last year’s review, all chapters again consider, to a greater or lesser extent, the consequences of the unfolding public health crisis. We asked our contributors not only to analyse key developments in the EU social agenda during 2020, but also to describe EU and domestic policies between January and July 2021. We are deeply indebted to the authors, all of whom managed to combine both angles and worked industriously in these difficult, extraordinary circumstances.

*Who are the Covid-19 winners and losers?* This question is raised in Chapter 1 by Michael Dauderstädt, who analyses the economic, labour market and social inequalities resulting from the crisis. European society is looked at from different angles: the EU as a whole, countries, regions, industries, categories of workers, young people compared to older age groups, women versus men, and vulnerable groups. Generally speaking, the repercussions of the Covid-19 crisis were less catastrophic than feared due to the speedy and large-scale countermeasures. Nonetheless, policies and their results leave a lot to be desired.

The analysis of the EU response to Covid-19 – compared to the EU response to the Great Recession and the ensuing policy debate on EMU reforms – is at the heart of Chapter 2 by Cinzia Alcidi and Francesco Corti: European-level action has been significant, revolving around monetary and banking policies, state aid and fiscal rules, and budgetary and financial support measures (funding). Most importantly, the EU Covid response broke a major taboo: the issuance of common EU debt. The chapter draws conclusions on the nature of the current pandemic, discussing why it should be considered as a step towards more solidarity in the EU.

But the threat of climate change is more insidious and will require changes in the ways in which we produce, consume, and organise our societies, not just for a couple of years as was the case with Covid-19, but in a more permanent fashion. In the second half of
the book, we analyse new initiatives bringing answers to these questions and providing further building blocks for the EU’s (post-Covid) social, digital and climate agenda.

The EU’s answer to climate change and the inevitable transitions is the European Green Deal. Chapter 3 by Hans Bruyninckx, Gülçin Karadeniz and Jock Martin looks at its main initiatives and how its implementation roadmap can achieve the EU’s ambitious but necessary climate targets. Can European societies grow in quality, rather than quantity, and in a more equitable way? The authors assert that considerably more funds will be needed to finance the EGD, with the estimates provided in the current EGD documentation representing only a fraction of the funds needed for the transition. The winners and losers of the transition are yet to be clearly identified.

How can digitalisation be moulded to benefit the climate and society – and not Big Tech? This is one of the key questions asked in Chapter 4 by Aída Ponce Del Castillo. She demonstrates that the Covid-19 pandemic has further highlighted the importance of digitalisation and spurred many developments in this area – with important consequences for work and social policies and thus triggering responses from a variety of social stakeholders. These are critically reviewed. Two of her findings are that ‘new’ movements and players in the digital area are gaining a say in the process and that their influence is sometimes greater than that of trade unions.

Chapter 5 by Amy Verdun and Bart Vanhercke asks to what extent the new Recovery and Resilience Facility (RRF) has changed the balance of power among key players. Though the starting point was promising – the RRF Regulation provides for enhanced stakeholder consultation – the authors find that social player involvement in the RRF has proved highly problematic, driven by the rationale of acting first and then consulting. And yet, while the EU’s institutional social players lost much of their influence acquired over the years in Semester negotiations at the height of the crisis, they were able to gradually claw back their position as its immediacy subsided.

The Covid-19 crisis has led to nothing less than a ‘paradigm shift’ in the extent to which Member States are willing to coordinate action in the face of health threats, argues Thibaud Deruelle in Chapter 6. The author describes recent institutional developments in the governance of the ‘stronger European Health Union’ championed by the European Commission and discusses the challenge to solidarity posed by solidarity-based instruments, such as vaccine procurement and the recent EU4Health programme. Will the pandemic serve as a lever for legitimising further European integration in health, and even Treaty change?

The concluding chapter by Bart Vanhercke and Slavina Spasova summarises the key findings of the chapters and provides an update on recent social policy initiatives wherever relevant (up to December 2021), as well as a forward-looking perspective. As a result of the pandemic – and in contrast to the EU’s sweeping recovery plan – ‘social policy’ initiatives took a back seat in 2020, while 2021 saw the re-emergence of EU social ambitions. Several key legislative proposals, an important social dialogue initiative and renewed EU ‘soft governance’ will top the agenda of the French Presidency of the Council of the EU in 2022.
The Chronology 2020 by Angelina Atanasova, Boris Fronteddu and Denis Bouget summarises the key events in the EU’s social, ecological and economic affairs, beginning with Croatia taking over the Presidency of the Council (for the first time since joining the EU in 2013) and ending with the wrapping up of the negotiations on the trade agreements between the UK and the EU, marking the end of the Brexit period.

The European Social Observatory has again worked closely with the European Trade Union Institute (ETUI) and renowned external scholars to draw up this year’s edition of the book. Through this collaborative publication, we aim to contribute to the debate between policymakers, social stakeholders and the research community, while providing accessible information and analysis for practitioners and students of European integration. This year’s Bilan social again in many ways complements the ETUI’s Benchmarking Working Europe, which provides a state-of-the-art analysis of the impact of the pandemic on the world of work.

We look forward to engaging in a dialogue with you over the crucial issues addressed in this volume.

Bart Vanhercke and Slavina Spasova (OSE)
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Editors