The labour dimension of economic governance after the Covid-19 pandemic

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Further innovations in EU socio-economic governance

Challenges evolve around:

1. EU - member state level axis
2. Economic - social policies axis
3. Technocratic–democratic axis

Complexity

No simple polar opposition

Verdun and Zeitlin, 2018
EU socio-economic governance after the pandemic: two trends

1. Increased use of *monetary-based instruments* to shape European social policy;

2. Further interlinkage of *governance architectures*:
   e.g. EU Pillar of Social Rights; European Semester; Recovery and Resilience Facility.
Trend 1: Increased use of monetary-based instrument (1)

Three types of EU instruments:

1. **Rule-based:** e.g. directives; setting minimum standards.

2. **Coordination-based:** soft steering of national social policies
   e.g. employment policy coordination with iterative policy cycle, EU goals, evaluation and monitoring, country-specific recommendations.

3. **Monetary-based:** use of EU funds to influence social outcomes.
   e.g. European Social Fund; SURE: European instrument for temporary support to mitigate unemployment risks in an emergency.

e.g. Armstrong, 2012
Trend 1: monetary-based instrument (2)

* Recovery and resilience facility (RRF): monetary-based instrument

* €723.8 billion: in loans (€385.8 billion) and grants (€338 billion).

* Accessible when a country meets certain conditions, including:
  - investments in the green & digital economy;
  - reforms according to country-specific recommendations (of the ‘19 & ‘20 European Semester).
Trend 1: monetary-based instrument (3)

Country-specific recommendations – link to employment policy - e.g. Netherlands:
• “Make second pillar of the pension system more transparent, inter-generationally fairer …”
• “Reduce the incentives for the self-employed without employees, while promoting adequate social protection for the self-employed, and tackle bogus self-employment.”

➢ Conditionality RRF funds seems not the same as top-down steering
➢ Regulation RRF: National plans & considerable space for domestic stakeholders in design and implementation
Trend 2: interlinkage of governance architectures (1)

Rule-based, coordination-based and monetary-based instruments do not operate in isolation.

They are part of governance architectures - strategic and long-term institutional arrangements, consisting of three features.
1. deal with complex, strategic and long-term problems in a holistic manner.
2. set substantive output-oriented goals.
3. are implemented through combinations of old and new organisational structures.

Source: Borrás and Radaelli, 2011
Trend 2: interlinkage of governance architectures (1)

For its social component, RRF it is tied to the European Pillar of Social Rights and the European Semester, e.g.:

- conditions funding include the 2019 and 2020 Country-Specific Recommendations of the European Semester;
- the principles of the EU Pillar of Social Rights is part of the RRF objectives.

- Use of different types of instruments;
- Instruments give different roles to EU and Member States.
Conclusion: Questions on EU employment policy after the crisis

- What implications of interlinking governance architectures?
  - Use of respective strengths, or excessively complex EU governance?

- How does the interplay of rule-based, coordination-based and monetary-based instruments relate to the goals of European social policy?
  - Complementarity or rivalry?

- Is the role of domestic actors sufficiently safeguarded, and can they make a difference?

- Degree of openness to new socioeconomic challenges and insights (policy evidence)?
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