Introduction
The EU and the social legacy of the crisis: piecemeal adjustment or room for a paradigm shift?

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Let's not fool ourselves: while prudent recovery in the European economy seems to be underway in 2014/15, the robustness of this recovery is far from guaranteed. Much work still needs to be done at the EU level in areas such as macro-economic policy, financial market regulation, banking supervision, and, especially, taxation and social policymaking. Some may fear that because economic recovery has begun (at least in some Member States), the sense of urgency that motivated European leaders during the crisis will evaporate. Policymakers might indeed come to think, once again, that incremental changes in this or that area will do the trick, thereby neglecting the social legacy left behind by the economic crisis.

The social legacy of the financial crisis is deeply worrying. Total unemployment rates stood at 10.3% in 2014 (11.6% in the Eurozone) and projections for the next years are far from encouraging: unemployment in the Eurozone is expected to average 10.6 per cent in 2016 and 9.3 per cent in the EU as a whole: this is considerably above the pre-crisis levels of 7.5 per cent and 7.2 per cent (Diamond *et al.* 2015).[1] In particular, young people have been hit hard by the recession. All in all, young people are on average 2.6 times more likely to be unemployed than adults. The wide difference in the performance of EU members continues, but last year a number of high-income countries

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1. Unemployment rates ranged from 26.8% in Greece and 24.8% in Spain to just 5.1 and 5.3% in Germany and Austria respectively (ETUI, 2015).

performed badly while some lower-income countries experienced some improvement (ETUI 2015: 33).

Things are no better when looking at other factors. For example, an overall reduction of public investment in the EU is further compounding the problem. In 2014, the level of total investment (both public and private) was 15% below the peak of 2007. Total fixed investment fell from 22.0% of GDP in the 2004-8 period to 19.4% in 2014. In some countries, little net change occurred over this period, while in others, investment fell: Cyprus, Ireland, Greece, Latvia and Spain all saw falls in investment of 10% of their GDPs. Most of the decline occurred in the area of private investment, but public fixed investment also fell by more than 50% in Southern Europe (ETUI 2015: 13). Unsurprisingly then, increasing numbers of people face a lack of access to basic goods and services in the EU. The number of people lacking essential items like housing, food and clothes rose to nearly 16% of the total population in 2012. Furthermore, just over 24% of the European population is at risk of poverty and social inclusion[2]. There has been a significant fall in real household income per head from 2008-2014 (in line with the fall in GDP per head and the fall in employment rates). In other words, an increasing share of Europe's middle class is now at risk of becoming poor at some point in their lives.

These trends should worry policymakers: doing nothing or enacting only incremental changes should not be an option. Yet despite the worrying statistics, EU political institutions have not effectively addressed these problems. While EU policymakers have taken some steps in the right direction, much remains to be done. The following chapters show that 2014 and early 2015 were not a watershed for the EU. While both the policy strategy and institutional contexts have seen some changes when compared to earlier years, these changes may be 'too late and too little': a piecemeal adjustment that does not address the fundamental problems of the EU.

2. If we consider the at-risk-of-poverty indicator calculated on the basis of the median average household income in 2008, before the crisis started, the share of the population at risk of poverty in the EU27 had risen in 2012 by an average of 10.8% (1.8 p.p.), and in the Eurozone (EA17) it had risen by 18% (2.9 p.p.) (ETUI 2015).

The present introduction is organised as follows: section one presents the key facets of the EU's current situation. We refer to the events that have marked the EU in the last months: the European Parliament with a strong euro-sceptic component; the new strategy pursued by the Juncker Commission to regain a central role; the more growth-friendly programme based on the European Investment Fund and aimed at boosting economic growth, and the initiatives of the European Central Bank (ECB) to reduce interest rates and increase liquidity. These initiatives were then finalised through the introduction of a quantitative easing programme in 2015.

Sections two and three provide a critical review of the state of the EU and its social dimension, which give two opposite but still complementary visions of the EU. Section two, in line with a more pessimistic reading, shows evidence of a very disappointing state of the Union. There is a risk that both the EU (potential exit of the UK) and EMU (with the never-ending Greek crisis) may collapse, and, in parallel, there is an utter lack of improvement in terms of EU fiscal capacity. While in 2013 the Social Investment Package was presented as an opportunity to fix and implement a new growth-oriented paradigm, it has proved to have limited effects. Tensions concerning migration and the weak EU position in the Ukraine crisis are also a worrying threat to the feeble sense of solidarity between EU members.

Section three takes a more optimistic stance vis-à-vis the EU and the progress of its social dimension. The new Commission has placed some emphasis on the need for a stronger social dimension in Europe (including social dialogue). In this context, the ECB has attempted to encourage more growth, while a prudent 'socialisation' of the European Semester has taken place. The Juncker Commission has emphasised the need to reinforce the social dimension of the EU. At the same time, the revised governance of the structural funds is an opportunity for a more balanced and effective approach to growth. Section four outlines the main themes in the book and stresses that, beyond optimism and pessimism, the incremental changes introduced to EU governance are not enough to address major socio-economic and political problems. Essential challenges are putting the EU at risk while there is a danger of further damage to its social dimension.

1. Some new features in the EU institutional landscape since the European elections

In political terms, the European Parliament elections were a key moment in 2014. This political event has had further institutional and political consequences that marked the last months of the year and early 2015.

1.1 European Parliament Elections: not an earthquake, but growing tension

Between 22 and 25 May 2014, elections to the European Parliament (EP) were held in the European Union: 500 million voters living in the 28 different sovereign states elected 751 parliamentarians for a five-year mandate.

While the European People's Party lost ground to the Progressive Alliance of Socialists and Democrats, it remained the largest faction in the new parliament. But the big novelty was the increased consensus in favour of anti-establishment parties: their representation more than doubled to about 24% of seats in the Parliament. These forces are not exclusively on the political right of the spectrum. They include a huge range of parties and groups from the Right (e.g. the French Front national) and the Left (e.g. the Greek Syriza) (Emmanouilidis and Stratulat 2014; Reguly 2014).

While the centre-right and centre-left will still hold the majority of seats – they currently have more than half of the 751 seats in the EU legislature – they will face a key challenge from the anti-EU opposition (Taylor and Emmott 2014). Anti-EU movements suffered from their own heterogeneity and fragmentation in the first months of the legislature. But in late 2014 and early 2015 they started to regroup. This is shown by the formation of two parliamentary groups: the EFDD (Europe of Freedom and Direct Democracy) with Britain’s UK Independence Party (UKIP) and the Five-star Movement from Italy; and the Europe of Nations and Freedom (ENF) led by Marine Le Pen’s Front National and the Dutch PVV and which will also include representatives of Austria’s FPO party, Belgium’s Vlaams Belang, and Italy’s Lega Nord. The priority of these two groups is to dissolve the

Eurozone. These parties could be able to influence discussions in Parliament on very divisive issues such as immigration. The success of these parties is a massive threat for the EU (see the concluding chapter).

1.2 Top candidates for the Presidency of the Commission

One of the key novelties of the Lisbon Treaty was implemented for the first time in 2014: the identification of top candidates for the post of President of the Commission. According to Art. 17.7 of the Consolidated Version of the Treaty on European Union (TEU), ‘taking into account the elections to the EP and after having held the appropriate consultations, the European Council, acting by a qualified majority, shall propose to the EP a candidate for the President of the Commission’. This candidate shall be elected by the majority of the EP (Korfer 2014).

The so-called ‘leading candidates’ (*Spitzenkandidaten*) for the Presidency of the European Commission were in fact nominated to represent their respective European Parliament political Groups in the European elections in May 2014. This meant that a parliamentary electoral campaign took place in which political parties and their candidates competed on the basis of alternative programmes[3] (ibid.).

This competition introduced a new element of political opposition at European level and is expected to alter the institutional balance of the EU. Two issues must be emphasised concerning this development. Firstly, implementation of this provision in the Treaty was not supported by all. Many national leaders were not convinced by the idea of organising the electoral campaign on the basis of leading candidates. More importantly, Angela Merkel, the German chancellor, was strongly against it. Secondly, the EU's Lisbon Treaty has in fact shifted the balance of power towards the European Parliament, effectively declaring

3. Six candidates were supported by the major political forces: Jean-Claude Juncker for the European Popular Party, Martin Schulz for Socialists and Democrats, Guy Verhofstadt for the Liberal group, Ska Keller and José Bové for the Greens, and Alexis Tsipras for the Party of the European left.

that national leaders should consult the Parliament concerning nomination of the Commission, that the choice has to reflect the outcome of parliament elections and that the chamber has to endorse the appointment by simple majority (see Schmidt in this volume).

1.3 From Barroso to Juncker: what is new?

After being put forward as a candidate for Commission President by the European Council, Jean-Claude Juncker was elected President of the European Commission in July 2014, in the European Parliament plenary session, by a strong majority of 422 votes.

In the first months of the new Commission, the new President has tried to address the main difficulties of the Barroso Commission: the declining political weight of the Commission in EU institutional dynamics (as a consequence of the inter-governmental turn of the EU); the increased mistrust of European public opinion vis-à-vis the Commission; and the very broad but ineffective agenda of initiatives (Gostyńska-Jakubowska 2015).

To restore the political role of the Commission, Juncker first reorganised its structure. The new structure centralises power with the President and his seven Vice-Presidents. Now the power of legislative initiative, which is the prerogative of the Commission according to the treaties, could effectively be taken from the 'junior' Commissioners and placed in the hands of the eight 'senior' ones. Any legislative bills initiating from the regular Commissioners will need the approval of their Vice-Presidents before they can be taken forward. There are several reasons for this new organisational set-up: on the one hand, it reinforces the Commission and makes it a true government, and on the other, it avoids excessive legislating (Emmanouilidis 2014). Yet, as stressed by many observers, the process in question has become more complicated; initiatives must now be validated by the Commissioner and the Vice-President concerned before being presented to the College of Commissioners (Robert 2014a).

The above-mentioned application of the Treaty for the designation of the *Spitzenkandidaten* and the new rules for the selection of the members of the Commission are designed to make it less of a technocratic and more of a political body, and to help improve the Commission's image (Gostyńska-Jakubowska 2015).

The new Commission then tried to be more focused. The action plan proposed at the end of 2014 consisted of about 20 legislative proposals (instead of the average of 130 proposals per annum submitted by the Barroso Commission).

1.4 New steps in the EU policy package

As well as these political-institutional changes, new measures were also taken to address the crisis. The key step of 2014 towards a growth-enhancing strategy was the proposal launched by the new President of the Commission, Juncker, for a European Fund for Strategic Investments (EFSI) (see Myant in this volume). The fund, proposed in November 2014, consisted of about €315 billion: with €5 billion coming from the European Investment Bank and an €8 billion guarantee from existing EU funds, designed to secure a contribution of €16 billion in total from the institutions. The resulting EFSI fund totalling €21 billion is expected to generate €240 billion for long-term investments and €75 billion for small and medium-sized enterprises (SMEs) and mid-cap firms over the period 2015-2017 (Euractiv 2014a).

Meanwhile, the ECB acted to relaunch the economy while addressing the risk of deflation (Claeys 2014; Claeys *et al.* 2015). Between June and August 2014, the ECB launched measures to fight low inflation and boost the Eurozone economy through the lowering of deposit rates intended to boost liquidity for banks and then to firms and families. It lowered the deposit rate to -0.1%, meaning that it will effectively charge banks for holding their money overnight. It cut its main refinancing rate to 0.15%, and the marginal lending rate to 0.40% (Euractiv 2014b). Other steps included extending the duration of unlimited cheap liquidity for Eurozone banks, injecting about €170 billion by stopping tenders that withdrew funds spent on past government bond purchases, and preparing for possible future purchases of asset-backed securities to support small businesses. Banks were expected to use the money to lend to households and businesses, thereby directly helping to revive the economy, or take the money and buy assets themselves, or use the funds to substitute for issuing their own debt. These measures were aimed at making money cheaper and easier to access (Euractiv 2014c). In January 2015, the ECB announced the launch of a 1.1 trillion euro quantitative easing programme to stimulate growth and fight against deflation across the single currency area. In March 2015, the ECB and the national central banks of the Eurozone started a programme to buy about €60 billion of public and private bonds each month until September 2016.

While these events partly altered the austerity paradigm, analysts have been seen to be divided in their assessment of the effectiveness of these measures. The next two sections summarise the sharply contrasting points of view. We first refer to the pessimistic interpretation and then move to a more optimistic evaluation of the state of the EU.

2. Four reasons to be pessimistic: the existential crises of the EU are still to be addressed

First, despite all the reforms mentioned above, there is a risk of radical destabilisation of the EU. As shown by recent events, the Greek crisis has destabilised EMU, and the Eurozone is still at risk. Anke Hassel, Professor of Public Policy at the Hertie School of Governance, compared the relationship between Greece and Germany to a teenage 'game of chicken'. The game involves two combatants – in this metaphorical case, Greece and Germany – who are both in cars on a collision course with each other. The object of the game is to force the other car to swerve first, with the loser being referred to as a coward or 'chicken'. Of course, if nobody swerves, both die (or at least are badly injured) in a horrific car-crash. The parallels with the EU economic climate, at least in the first semester of 2015, were strong: both Greece and Germany were trying to get the other to give in to their respective demands, the fiscal equivalent of swerving. If neither changes course, the Eurozone could face fatal consequences. The problem with this game is that the Syriza government in Greece has picked, in Germany, the wrong opponent (Hassel 2015). Indeed, in a classic game of chicken, both combatants are equal. One car does not weigh significantly more than the other, and the consequences for each are therefore equal. This is not the case here in the eyes of Germany. German Finance Minister Wolfgang Schäuble pictures himself in the proverbial Mercedes-Benz truck heading towards a confrontation with his Greek counterpart Yanis

Varoufakis, who is riding on nothing but a scooter. If the two collide, at worst Germany will leave with a dent in its bumper. Greece, on the other hand, will be dead. So, while the EU's blind focus on austerity has certainly not helped Greece, it is also fair to say that the new Greek government has mismanaged the crisis and has lost most of its allies.

This proverbial game of chicken will ultimately end with a Greek concession, but only after several rounds of high-profile and highly mediatized battles with Germany and the rest of the Eurozone. Greece might win some mostly symbolic concessions, so that Greece will be able say that not a single other Government could have got a better deal. For example, there might be some relaxing of pressure on reform and austerity, which will allow for some social investment (most likely in education) and for some reinforcement of the 'weak state' that Greece currently is. American economist Paul Krugman writes that 'the shape of a deal is therefore clear: basically, a standstill on further austerity, with Greece agreeing to make significant but not ever-growing payments to creditors' (Krugman 2015). The still present risk of Grexit, however, signals larger problems within the Eurozone. The latter has proved unable to resolve internal tensions derived from the sovereign debt crisis and the limits of an austerity-based plan to exit the recession. The social dimension of Europe is missing from the debate as well as the minimum degree of solidarity required in a union.

A second threat to the Eurozone is Brexit. The United Kingdom is talking about a potential exit from the EU, for reasons entirely independent of Greece's. Britain has already opted out of the EMU and the Schengen Area. These two decisions indicated the different strategies pursued by London and Brussels in the field of monetary and migration policies. UK Prime Minister Cameron intends to hold a referendum on the matter of EU membership by 2017 and has opened a debate with the EU on several issues[4]. In 2014-2015, both Grexit and Brexit represent a risk that the EU could lose both ground and members.

4. Among these issues, the UK seems to want to impose a four-year waiting period before EU migrants can claim in-work benefits and to remove jobseekers after six months if they have not found work (Wilkinson and Prince 2015).

Second, the EU still lacks a genuine fiscal capacity and an effective banking union. The former would help to address asymmetric shocks and provide an alternative to internal (social) devaluation as the sole strategy for reacting to economic crisis. The latter would reduce the fragmentation of rules relating to the banking sector and allow for a more efficient cross-border crisis management. Belgian economist Paul De Grauwe compares the Eurozone 'to a beautiful villa in which Europeans were ready to enter. Yet it was a villa that did not have a roof' (De Grauwe 2011). To finish the building, the Eurozone must develop some kind of fiscal capacity to act as a stabilizer during financially troubled times. Furthermore, this fiscal capacity – in particular, an EU unemployment benefit scheme - would also double as a renewed 'social contract' with EU citizens (Zuleeg 2014). The EU should then facilitate the formation of an EU-wide banking union. The EU needs to forge an agreement on harmonisation of corporate taxation. Eventually, as the EU moves forward, it needs to do so by spending its funds on smart investments (such as education and healthcare). What is more, if we broaden our view to global decisions – see the chapter on the Transatlantic Trade and Investment Partnership (TTIP) by Ghailani and Ponce in this volume – the neoliberal agenda is still very much at the heart of the global political economy.

Third, the EU has missed the opportunity of the Social Investment Package and for a true investment strategy. There is widespread agreement among the scholarly community that investment in human capital is fundamental if we want to find a way out of the crisis, to and tackle the unsustainable social imbalances that are undermining the EU project as a whole. But what exactly is the EU's 'Social Investment Strategy'? We know it is not a (constraining) 'Pact', as the EP had requested. Is it not high time for the Commission to turn the Social Investment Strategy into a concrete programme for action, or risk a huge implementation gap?

Social investment can be interpreted as encompassing the set of policy measures and instruments that promote investments in human capital and enhancement of people's capacity to participate in both social and economic life as well as in the labour market. The reconciliation of such a growth-oriented strategy with austerity and fiscal consolidation has proved particularly difficult. Bouget *et al.* (2015) recently identified four main ways in which a focus on fiscal consolidation and a failure to apply social impact assessments of policy changes have often led to negative effects for the development of social investment policies:

- Firstly, fiscal consolidation has led to cuts in public and social expenditure, including some existing investments in building human and social capital, resulting in reductions in the availability and/or quality of programmes;
- Secondly, fiscal consolidation has led to a move away from successful universal social investment policies to more specific and conditional policies that target those most in need. These targeted policies are often less effective in addressing social challenges and lead to increased stigmatisation and inequality;
- Thirdly, fiscal consolidation has led to the postponement or cancellation of new policies that invest in human and social capital;
- Fourthly, fiscal consolidation has resulted in the prioritising of passive short-term measures aimed at protecting people over the introduction of more enabling and active longer-term measures.

The key areas where recent negative outcomes of social investment are frequently highlighted by experts of the newly established European Social Policy Network (ESPN) are: social insurance and income support; active labour market policies; child and family policies; education; elderly and long-term care; and access to health care. The deterioration of unemployment and minimum income protection (in terms of both length and adequacy) is particularly worrisome, insofar as adequate income protection should be the basis on which more 'social investment-related' policies should be built. As stressed in the chapter by Agostini and Natali in this volume, the pressure to cut often appears to be stronger than that to invest (see also Bouget *et al.* 2015).

Fourth, moving beyond the economic and social domains, there are two major crises affecting the EU to which no effective solution is being found. The increasingly-serious issue of migration is jeopardising intra-European solidarity. 'Social tourism' is a difficult and sensitive issue when discussing the problems of the Eurozone. Interestingly, recent studies emphasise the broadly positive long-term influence of migration on host labour markets and welfare states in the EU. Robert A. Mundell, for example, cited labour mobility as one of the key criteria for the success of a single currency (Mundell 1961). This 'positive long-term influence' includes fiscal gains for the whole economy of host countries.

Unfortunately, this fact has not yet quite permeated national discourses; many European countries are not doing a very good job at integrating foreign workers into their labour markets. Even when migrants are integrated, they are often integrated into very vulnerable positions[5]. What is more, throughout the year, migration from Africa and the many world regions with political and military tensions (like the Middle East) has become pressing and dramatic. The EU has not been sensitive to the phenomenon and the demand for a common strategy has left room for the reaffirmation of the national nature of the problem (Pascouaou 2014). This indicates a lack of solidarity inside and between the EU members.

On top of that comes the external challenge of Ukraine and the complex relationship with Russia. The Ukraine crisis has shown the limits of EU soft power in the region. The promotion of 'European values' through technocratic negotiations and ad hoc sectoral agreements has been seen to be ineffective. The European Neighborhood Policy has been shaped by normative values, to be promoted by focusing solely on cooperation in relatively non-political areas and by avoiding security issues. But the case of Ukraine shows the need for the EU to take a more strategic approach (Nitoiu 2015).

What is more, national governments have steered the diplomatic strategy more than the EU. As reminded by the analysts (see Robert 2014b), the intense diplomatic activity of France and Germany has eclipsed the efforts of the European Institutions. Neither the EU High Representative for foreign affairs and security policy nor the European Council President took part in the cease-fire negotiations between Ukraine and Russia.

The four points mentioned above provide evidence of the troubled state of the EU and the worrying future prospects for the Union if no effective decision is taken.

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5. This whole debate, when analysed, strengthens the case for a pan-European framework of minimum wages.

3. Four reasons to be (prudently) optimistic after all: the EU as work-in-progress

Whether or not European Parliamentary elections and the arrival of a new European Commission are a real opportunity to enhance the EUs social ambitions remains to be seen. But there seem to be at least four reasons for a (prudently) optimistic reading of the state of the EU and its social dimension.

First, recent institutional changes have strengthened the Commission. In line with the *new structure of the European Commission*, six Vice-Presidents will coordinate integrated 'project teams', which may help to achieve a more integrated approach (social mainstreaming). Furthermore, some of the recent reshuffling within the Commission signals a reinforcement of the Directorate-General (DG) for Employment, Social Affairs and Inclusion (EMPL): the important Labour Market Reforms Unit moves from the Directorate-General (DG) for Economic and Financial Affairs (ECFIN) to DG EMPL. As importantly, parts of units dealing with Skills and Qualifications, Vocational Training and Adult Education policy move from the DG responsible for Education and Culture (EAC) to DG EMPL[6]. Nearly one year into office, it would thus seem that the new Director General Michel Servoz – who has 15 years of experience within the Commission's Secretary General – is proving to be a key asset to DG EMPL[7].

Second, Marianne Thyssen, the new Belgian Commissioner for Employment, Social Affairs, Skills and Labour Mobility, has apparently genuinely *undertaken to put Social and Employment issues on 'an equal footing' with the economic dimension of the European Semester* (Thyssen 2014). The mandate given to the new Social Affairs Commissioner by President Juncker provides some additional leverage, including a strong role in the European Semester and 'developing social

6. In addition, Unit JUST D3 (Rights of Persons with Disabilities) and part of Unit JUST D1 dealing with the Directive establishing a general Framework for Equal Treatment in Employment and Occupation, move from DG Justice (JUST) to DG EMPL.
7. Servoz brings in 15 years of experience within the Commission's Secretary General (in which he served as Deputy SG), including as coordinator of the EU Semester, the multi-annual financial framework and assessment of new policy proposals.

impact assessments for any future conditional stability support programmes for Euro-area countries' (Juncker 2014: 4).

The new Social Affairs Commissioner Marianne Thyssen has declared on several occasions, including in her opening address at the 4th Meeting of the Annual Convention of the European Platform Against Poverty, that she will do all she can to place social and employment issues on an 'equal footing' with macroeconomic issues within the Semester. But what does that mean in practice? Will the social and employment targets also be made binding? Or will the macroeconomic targets become less constraining? In the end, the rebalancing of the Europe 2020 Strategy will determine its long-term survival (if it gets beyond the planned midterm review). Along the same lines, the Commission has emphasised the role of the European social dialogue in reinforcing its social dimension and addressing major economic and employment problems (see the concluding chapter in this volume).

Third, optimism is also warranted when one considers that over the past three years there has been a slow but certain 'socialisation' of the European Semester (Zeitlin and Vanhercke 2014; and this volume). This evolutionary shift can be seen at the level of substantive policy orientations, where it is shown by a growing emphasis on social objectives in the EU's priorities (as defined by the Commission's AGS and other official documents) and especially in the CSRs. The progressive socialisation of the European Semester can also be seen in changes to governance procedures, demonstrated by the enhanced role for social and employment policy actors – the Employment Committee, the Social Protection Committee and, to a lesser extent, DG EMPL and the Employment, Social Policy, Health and Consumer Affairs Council (EPSCO) Council – in monitoring, reviewing, and amending the CSRs (ibid.).

Fourth, the social dimension of the Europe 2020 Strategy may well be enhanced through significant innovations in the new programming period (2014-2020) of the European Structural and Investment (ESI) Funds. Thus, the new regulation provides 'ex-ante conditionalities' that give the Commission the right to require that Member States – by way of example – develop effective active labour market policies, enact arrangements to ensure sufficient administrative capacity, and adopt coordinated measures to improve access to health services. Another ex-ante condition is that Member States are required to have a national strategic policy framework for poverty reduction that involves relevant stakeholders in combating poverty[8] (EP and Council of the EU 2013).

4. The book, section by section

Whatever the interpretation of the recent events mentioned above, the EU has not been able to address its main problems. The chapters in this volume provide evidence that EU strategy is still limited in its ability to solve both the social consequences of the crisis and the more fundamental political threats to European integration. The present edition consists of two parts. In the first part, contributors to the book provide a critical review of the political prospects of the EU and of the institutional dynamics after the EP elections of 2014.

Chapter 1 of this book explores the state of the Eurozone and examines its current political, economic and social trajectory. Vivien Schmidt then proceeds to offer several suggestions for how the EU, and specifically the Eurozone, can foster further economic integration and progress. If the EU and the Eurozone do not learn how to work together, there will continue to be increasingly negative consequences for all countries concerned.

Chapter 2 is a more focused look at the European Semester, which is a policy coordination tool used by the EU to encourage change and reform in Member States. According to Zeitlin and Vanhercke, there has been a partial but progressive ‘socialisation’ of the content of the European Semester, which is, in part, a response by the EU to the rising discontent with austerity in the European populace. However, this does not tell the whole story: the EU has evolved, and the socialisation of the European Semester is an example of reflexive learning, which in and of itself is another form of socialisation.

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8. The Commission can ask Member States to revise their Operational Programme to that effect, and non-respect of the conditionalities can even lead to the suspension of payments. *ANNEX XI*. Ex ante conditionalities. PART I: Thematic ex ante conditionalities and PART II: General ex ante conditionalities, L 347/438, EP and Council of the EU (2013).

Chapter 3 asks an important question emerging from a bitter reality: since the social rights and protections won by labour movements have been being eroded over the last few years, do any effective forms of resistance against this erosion remain? According to Richard Hyman, the traditional forms of protest are, unfortunately, by themselves ineffective. However, a combination of traditional and new, cross-national forms of protest could produce desirable effects to combat neoliberal hegemony.

The second part of the book focuses on individual issues of interest in the broad EU puzzle. This group of chapters looks at instruments and policy fields that have been at the core of EU debate in the last few months. Chapter 4, by Martin Myant, addresses the issue of socialisation in a different way: with a critical assessment of Commission President Jean-Claude Juncker's investment plan. According to the author, the plan, despite good intentions, is a woefully inadequate measure in the fight to restore social rights and protections in Member States affected by the financial crisis. In order to have real success, any investment plan requires first the relaxation of current austerity rules and quotas.

Chapter 5 analyses the EU's approach to education. Agostini and Natali look at both the manner in which the Commission speaks about education policy and the way it deals with this policy. Eventually, the authors conclude that while education has come to the forefront of the EU's policy agenda, the EU has not reformed its own fiscal consolidation stance enough to give Member States sufficient resources for revitalizing education. Essentially, the EU has made grand speeches about education, but done little to actually show that its intentions are genuine.

Chapter 6 contributes to the dialogue from the same angle as the previous chapter, but with reference to healthcare reform instead of education policy. However, instead of assessing the current position of the EU as in the previous chapter, authors Stamati and Baeten demonstrate how exactly the EU is capable of formulating (or discouraging) healthcare reform in Member States. The authors arrive at a conclusion similar to the authors of the previous chapter: although the EU expresses concern for the state of healthcare in the Eurozone and elsewhere, its current fiscal policies impede Member States from achieving substantive reforms.

Chapter 7, by Dalila Ghailani and Aída Ponce, ends the book by critically assessing the Transatlantic Trade and Investment Partnership (TTIP). Their conclusion is straightforward: no-one but the people around the negotiating table grasps, even vaguely, what TTIP will contain by the end of the negotiations. The negotiators make strong claims about the benefits of the future partnership on the basis of contested studies, and this is resulting in increasing suspicion and outright worries among trade unions and civil society groups as to the real implications of the proposed agreement for workers. As for the investor-to-state dispute settlement (ISDS) mechanism, the way in which the European Commission has handled the public consultation has not, to say the least, helped to smooth the waters.

The concluding chapter by Natali sheds light on the true political risks for the EU, which include the progressive destabilisation of the political scene through the rise of anti-EU forces. This trend is at the heart of the EU political dilemma; the EU needs to be repoliticised, but there is a risk that this sort of move could further weaken EU integration. Such a political risk would also be a challenge for the trade union movement. The chronology by Cécile Barbier summarises the key events of the year in the area of social and economic affairs.

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