Björn Hacker

SOCIAL EUROPE: FROM VISION TO VIGOUR

The need to balance
economic and social integration

FEPS
Primer Series

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Contents

Foreword

The discourse about the social dimension of the European Union is diverse, colourful and often swings to extreme judgments. When there is a crisis, it is easy to conclude that 'Social Europe is dead', and when things go well and the EU appears as a protector of jobs, social and working conditions, the clouds disappear and the outlook becomes rosy.

Also among experts, it can be disputed whether the 'European Social Model' is a programme or reality, and whether 'Social Europe' is delivered primarily by legislation, or the coordination of national welfare policies, or by transferring financial resources from the common budget.

This book written by Björn Hacker offers guidance for those who would like to understand better how social policy at the EU level is made, what are the main tools, who are the most important actors, and when this policy field has been more or less successful in recent decades. By focusing on a subject area which is so central for the progressive political family but also the wider community of EU policy makers, social partners and civil society organisations, this volume is another important addition to the FEPS primer series (which has already produced pioneering booklets on gender equality as well as the progressive potential of the EU).

The author is one of the most experienced professors in this field who has contributed to research, education as well as policy making. The volume is pedagogical where it is needed (e.g. explaining different concepts in the Glossary), polemical where it is possible, and also offers a lot for those who want to think about the social questions of Europe with some fresh input and engage in deeper theoretical considerations as well. Those not familiar with the significance of the Working Time Directive, the Globalisation Adjustment Fund or the Social Investment Package will not only be introduced to such highlights but a lot more subtleties of policy thinking and making in the EU.

There is more than just one way to study EU social policy. This book represents a political economy approach as opposed to a more

legal, sociological or institutional analysis. Nevertheless, the way the text has been organised guarantees accessibility and scholarly quality at the same time. The starting point is the European Pillar of Social Rights (EPSR), which today offers a common language for the stakeholders of Social Europe and its students, and which is seen as the starting point for the more optimistic cycle of policy discourse which still prevails among the expert community.

Of course, the history of the EU social dimension starts much earlier than the 2017 EPSR. In the historic chapters, the author guides us through the various stages of development, highlighting some leaps forward but also setbacks within the 70 years story. The Timeline at the end of the book offers further support to those who would like to understand the policy dynamics of the EU in this crucial field, and locate the steps of social policy coordination on the landscape of broader EU politics.

We speak about a crucial field despite the fact that welfare states are by and large national, funded predominantly through the budgets of member states, and nobody expects this to fundamentally change in the foreseeable future. However, the concept of 'Social Europe' was coined to stress that European integration (in particular through the 'Single Market') is not simply about creating economic opportunities but also systematically improving social standards, as long as a 'race to the top' can be organised.

The commitment to improvement and equalisation of living and working conditions already appeared in the Schuman Declaration (1950), while cohesion and convergence have appeared in a succession of EU treaties. In every cycle and especially in every crisis the validity of these commitments is tested. At the end of his book, Björn Hacker leaves us with the question whether on the back of this historical evolution, a genuine Social Union can be built. This is perhaps one of the most important questions public intellectuals can raise and discuss in a year of European Parliament elections.

Dr László Andor
FEPS Secretary General

Introduction

Whenever we discuss looming new economic challenges or tackle an economic crisis in the European Union, the question of social impact is a key element both in public debate and politically. Employment and social protection, equal opportunities for men and women, education and training, fair working conditions, health care and social inclusion are only some of the social issues of concern to policymakers. The scope and level of such issues, as well as their institutionalisation and financing, steering processes and legal enforcement, stability and adaptability make a difference in people's everyday lives. Debates on the adequacy of social protection and its modernisation and reform tend to be concentrated at the national level. That is where the social policy melody plays loudest: mighty social institutions and processes have shaped national welfare state design for decades.

By contrast, as regards economic policy processes of Europeanisation and globalisation have forced us over time to discuss new challenges and crisis management on a supranational level. With its Single Market and Economic and Monetary Union the EU has achieved a high degree of economic integration. Cooperative efforts between the 27 Member States and the institutions of the EU are thus constant, though not always simple. A vast set of common legislation, rules, processes and institutions underpin or enframe this intense transnational cooperation. It thus makes sense to talk of a common European economic policy, even though in many respects it remains a field of shared and contested competence between the EU and the Member States. It is therefore rather odd that no such perception really exists with regard to the social sphere. While nearly all economic debates have an indubitable international component, social consequences are usually left to national capitals to deal with.

Time and again, the issue of Social Europe is taken up in election campaigns to the European Parliament, in declarations of intent by

supranational institutions, in demands of socially-oriented actors, or in news items in the case of severe social imbalances throughout the Union. But for the broader public, perhaps for the lack of a clear definition, Social Europe remains largely unknown, even a mystery, at best a promise for the future. But in fact there is a large and well articulated realm of European social policy that can be traced back nearly 70 years to the onset of European integration. Its ramifications and multiple lines of conflict, however, as well as its overshadowing by economic integration make Social Europe difficult to grasp. In a time of multiple crises and overwhelming challenges and risks – economically, geopolitically, with regard to climate and environment, digitalisation and societal polarisation – social progress and cohesion become more urgent.

While in the first decades of European integration, starting in the 1950s, it may have been sufficient to implement unavoidable elements of a European social policy while concentrating primarily on market integration, the twenty-first century requires a broader and more sober approach. Such an approach should be prepared by social democrats and socialists, who in large part have been responsible for establishing national welfare states, with an emphasis on decommodification, protecting individuals socially against 'market forces'. In a transnational European economy the concrete application of common social protection principles is as important as a vision of Social Europe to better balance economic and social integration.

In this primer we want to explore historical and contemporary definitions and concepts of Social Europe (Chapter 1) and map the lines of conflict that a genuine European social policy has to tackle (Chapter 2). Our purpose is to follow an arc from Willy Brandt's plans for a European Social Union to the various hindrances that got in its way. We will then discuss the scope, forms and main actors of European social policy today (Chapter 3). We turn next to the evolution of Social Europe from 1957 until the present as a five-stage process, exhibiting emancipatory effects, but also recurring problems (Chapter 4). After identifying some pressing challenges for the European Social Model (Chapter 5) the primer ends with a conclusion, also reflecting the wishes of European citizens for the development of Social Europe.

1 Social Europe: model or promise?

The European Union is economically strong, has a substantial geopolitical role and possesses of a broad spectrum of institutions in a complex system of multilevel governance. But can Europe be called 'social'? Does the EU as such have a social role? It is evident that there is no common European social welfare state with responsibility for social provision. There is no European pension or health care system. The Member States themselves organise social affairs and in a wide variety of ways. The term 'Social Europe' is familiar but what lies behind it? The European Pillar of Social Rights (EPSR) might give us some hints. This set of 20 social principles was proclaimed by the European Parliament, the Council of the European Union ('the Council') and the European Commission in November 2017 (See Fig. 1, p. p. 12). It touches upon issues such as education, equality and anti-discrimination, employment, minimum income, childcare, pension, health and long-term care, disabilities, housing and essential services with a view to ensuring adequate social provision, protection and care for every EU inhabitant.

Taking the EPSR as defining the basic scope of Social Europe, how might it be put into practice? Its preamble reminds us that 'the European Pillar of Social Rights should be implemented at both Union level and Member State level within their respective competences'. The 20 principles shall 'serve as a guide towards efficient employment and social outcomes' for all institutional actors, at the EU and the Member State–level alike. This two-level responsibility marks a major difference between European social policy and what we usually understand when talking about social policies.

Tracing their long historical pathways back to the age of industrialisation, social policies have functioned as public policies since the middle of the nineteenth century in a national political setting.

Chapter 1 Equal opportunities and access to the labour market	Chapter 2 Fair working conditions	Chapter 3 Social protection and inclusion
1. Education, training and life-long learning	5. Secure and adaptable employment	11. Childcare and support to children
2. Gender equality	6. Wages	12. Social protection
3. Equal opportunities	7. Information about employment conditions and protection in case of dismissals	13. Unemployment benefits
4. Active support to employment	8. Social dialogue and involvement of workers	14. Minimum income
	9. Work–life balance	15. Old age income and pensions
	10. Healthy, safe and well-adapted work environment and data protection	16. Health care
		17. Inclusion of people with disabilities
		18. Long-term care
		19. Housing and assistance for the homeless
		20. Access to essential services

Fig. 1: EPSR Headlines of the 20 Principles. Source: European Commission.

Social rights have been hard-earned by socialists, social democrats and trade unionists in urgent response to a burgeoning economy and the accompanying difficult social circumstances of the emerging industrial society. Their main task is to protect individuals in the face of their economic dependence on the market, as well as against life risks, such as illness, unemployment, old-age, poverty and many other things. British sociologist Thomas H. Marshall identified in the evolution of national welfare states with individual social rights a third wave of citizens' rights, coming after civil and political rights, which came to define a 'social citizenship' in nation-states.

Willy Brandt's approach: forging a European Social Union

While at national level parliaments, governments and non-state actors, such as welfare associations and trade unions, take care of the development and adjustment of welfare state social policies, marshalling immense financial resources, things are different at the supranational level. The EU has only very limited competences, financial resources and administrative capacities to steer social policies on the ground. The 'founding fathers' in the governments of the six Member States France, Germany, Italy and the Benelux countries had other things than European social policy in mind when negotiating the European Coal and Steel Community (ECSC) and the European Economic Community (EEC) in the 1950s. They established some initial social regulations for the Community, but this was rather a requirement of maintaining a competitive balance in the envisaged economic integration. At the time, the heads of state and government of the six countries followed Jean Monnet's seminal idea of gradual integration, spilling over from the economic to the political sphere, therewith guaranteeing both: economic prosperity in a common market and enduring peacekeeping in the wake of the Second World War. The formation of a common market and economic policy alignment soon turned out to be the main task. Except for the early implementation of the European Social Fund (ESF) in 1957 as a supranational financial tool to promote employment and worker mobility, the six Member States jealously maintained their sovereignty in social affairs.

Once the first deep political crisis had been overcome at the end of the 1960s – on the shift from unanimity to majority voting – and the accession of three new Member States in the 1973 enlargement, integrating the United Kingdom, Denmark and Ireland, a number of new questions arose. As economic integration continued to develop – the customs union was completed by 1968 and the first ideas of a monetary union were emerging on the way towards a common market – left-wing political forces discussed ways of promoting social integration. Underlying this, on one hand, was the success of

'Keynesian' trust in global management of the economy, in which employment and income policies played a major role. On the other hand, the post-war boom in Europe was slowing down, and inflation was putting pressure on consumer prices and provoking labour unrest and strikes. At the same time, anti-capitalist movements in the wake of the 1968 student protests were urging political leaders to pay more attention to societal and social issues.

In 1969 Willy Brandt became the first Social Democrat chancellor of now West Germany since 1930. His centre-left coalition gave the notion of 'Social Europe' an enormous push. At a gathering of the nine heads of state and government of the European Community (EC) in Paris in October 1972, Brandt proposed to give social integration equal importance with economic integration. 'Social progress must not only be an appendage of economic growth, but must also be an independent guideline for our actions', stated the German initiative prepared for the summit. The German government's ideas were very advanced at the time, enhancing the planned monetary union with a social dimension, coordinating employment and social policies, and developing common basic social principles. Brandt was joined by a number of like-minded colleagues, so the summit closed with a commitment to social progress and an invitation to the European Commission to develop a Social Action Programme that would give social issues as much importance as the development of an economic and monetary union.

> 'Social justice must not remain an abstract concept and social progress must not be misunderstood as a mere appendage of economic growth. If we develop a European perspective on social policy, it will also become easier for many citizens of our states to identify themselves with the community.'
>
> Willy Brandt at the EC summit, 19/10/1972 (author's translation)

The path towards what in 1974 became the Community's first Social Action Programme was paved with initiatives and fresh ideas on

a social perspective for European integration. In particular, socialist and social democratic parties in the Member States harnessed Brandt's impulse to position themselves clearly 'for a Social Europe'. This was the programmatic title of the ninth congress of socialist and social democratic parties in Bonn in April 1973. As an automatic spillover from economic to social integration had not been realised, the parties demanded the creation of a 'social community' and a political union alongside the economic integration projects of a common market and a monetary union.

> 'The socialist parties in the countries of the European Community are in favour of a united Europe. The Community cannot be only an economic and monetary union, it must develop into a social Community.'
>
> IX. Congress of socialist and social-democratic parties, 26 and 27/04/1973, Bonn (author's translation)

It was the first time socialist and social democratic parties had developed a clear concept of what Brandt called a European Social Union. The intention was not merely to supplement economic integration with a few social policy elements. Instead, it would have entailed a complete overhaul of the market-enhancing integration objectives of the time. The main projects defined at the Bonn meeting included: economic and social policy steering at a supranational level; democratising the economy with works councils and codetermination; upward social harmonisation and transnational redistribution with the help of a new European social budget; a Europe-wide guaranteed right to work and the establishment of a European labour office; and a charter of common social principles. They exhibit a decisive and far-reaching leftist intention to modify the integration pathway by giving substance to Social Europe in a market-shaping manner. This was in line with welfare state expansion and social democrat electoral success in the Member States throughout the 1970s.