

# European Social Policy? Prospects for the New EU Commission.

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**Whilst the intricate set of national and genuine European competences is probably just as convoluted as it has always been, the expectations of EU citizens are nothing of the sort. This is especially true in the area of employment and social affairs. What they want from policymakers is social safety and risk protection. And whether these things are done on the European or national level is of little importance. We have studied the latest data on social justice in the EU in order to describe the most important tasks and challenges currently facing Marianne Thyssen, the new Social Affairs Commissioner.**

Marianne Thyssen is not going to have an easy time. The financial and economic crises in the past few years have left their mark on many EU member states. Today 5.7 million young people are unemployed. And the EU is a long way away from attaining its own “inclusive growth” targets. Poverty has not only increased in absolute terms.

So have the differences between the EU members. In the eurozone a social divide is hard on the heels of the growing economic disparities between north and south.

It is of course true that the EU can measure and evaluate only those things for which it is responsible, and when it comes to social policy it is responsible for far less than in other policy areas. However, if one takes a broader view and includes factors such as labour market opportunities for the elderly, or migrants, the quality of health care services and the whole issue of generational justice, the consequences of the crisis become clearly apparent. Since 2009 social justice has declined in every EU state with the exception of Germany and Poland. And that is not all. The Bertelsmann Stiftung’s Social Inclusion Monitor shows that the disparities within the EU are increasing. The large number of unemployed young people in Spain, Italy and Greece is worrying, but at the moment that is only the tip of the

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iceberg. The true extent of the problem will become apparent at some point in the future, and it will call in question the EU's age-old promise of becoming ever closer.

The ongoing debate among economists about whether individual states just endured dysfunctional labour markets, which were so to speak their own fault, or because they were members of an incomplete monetary union is of lesser importance when it comes to the expectations of EU citizens. Whether it likes it or not, the European Union will have to come to terms with the fact that it once promised to attain certain social goals as well. This is especially true at the start of the Commission's new term of office.

In point of fact the issue is not a new one. In the past five years few official EU documents have managed to avoid a reference to so called "social dimension", although it has never been entirely clear what this actually means. This was also the case in the blueprint document from the Commission, and in the Van Rompuy report presented at the end of 2012, that is, at the height of the crisis. The Youth Guarantee adopted at the time was no doubt a step in the right direction, but it will be more difficult for the EU and its Social Affairs Commissioner to tackle the root causes of the problem.

### Juncker's Project teams: Is the New Commission Really Going To Be More Political?

The task that the President of the Commission has assigned to the Social Affairs portfolio is clear. Employment and social affairs are going to be at the heart of the European Semester and thus of the EU's economic policy coordination. What is at stake is better cooperation with the member states and the social partners in order to create employment opportunities and to modernize the labour markets and the social security systems. The changed management style of the new Commission is designed to help this to happen. In contrast to Barroso, his predecessor, Juncker, the President of the Commission, has

defined precise targets on specific issues. Thus in future Marianne Thyssen is going to be a member of the "Jobs, Growth, Investment and Competitiveness" project team, which is chaired by Finland's Jyrki Katainen, a Vice-President. It remains to be seen what kind of role Thyssen, who is a conservative, can play in this context, though Juncker has said that he intends to present a timetable for his €300 billion investment programme by December 2014. Here Thyssen will have to come up with some kind of answer on how in fact she intends to generate more employment.

It will also be interesting to see how she fits into the "Euro and Social Dialogue" project team. As Vice-President Latvia's Valdis Dombrovskis will have to balance her interests with those of Pierre Moscovici, the French Commissioner for Economic and Financial Affairs. The European Semester is part of this area of competence and, in the final analysis, so are politically sensitive issues such as possible transitional periods when there are budgetary reviews, or in general terms calls for more flexibility in the Stability and Growth Pact.

Be that as it may, in the course of the hearings at the European Parliament on 1 October Thyssen made it clear that she intends to "evaluate the social consequences of each European measure." In view of who the two Vice-Presidents are this may turn out to be rather difficult. However, she is a Belgian politician and has plenty of experience when it comes to the Brussels powerplay. She has been a member of the European Parliament for the Flemish centre-right CD&V party since 1991, and among other things has been one of the rapporteurs for the European single supervisory mechanism (SSM), one of the core elements of the recently initiated banking union.

### What Can the EU Do to Improve Mobility?

The President of the Commission, like the heads of government in the member states, has the right to alter an area of responsibility and, as in the case of a ministry, to change the name assigned

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to it. The Social Affairs portfolio, which used to be called “Employment, Social Affairs and Inclusion,” became “Employment, Social Affairs, Skills and Labour Mobility.” As a result of this two shifts of emphasis are clearly visible. First, measures designed to enhance social cohesion may well receive less attention. For example, the Social Investment Package<sup>1</sup> is not mentioned Juncker’s mission letter.

The second shift of emphasis has something to do with the employability of workers (i.e. skills) and potential mobility within the EU. In econometric models estimates of worker mobility tend to be unrealistic and much too high. However, in the EU it is actually very low. Only about three percent of those who are gainfully employed work outside their home countries. This figure has remained relatively stable in recent years. However, there has been a significant change with regard to the countries of origin of potential migrants. Before the crisis the majority came from central and eastern Europe. After 2009 the direction of the flow changed, and people who are looking for work are increasingly setting out for the north from the so called periphery countries. For example, between 2010 and 2013 a total of 480,000 Spanish workers decided to go abroad.

In addition to dealing with the well-known impediments to mobility such as language skills, it is extremely important to implement existing instruments such as EURES, the European job mobility portal. And here the fact that the European Centre for the Development of Vocational Training (CEDEFOP) is going to be transferred to Thyssen’s portfolio may prove to be helpful. However, the issue of mobility also demonstrates that European social policy is often a balancing act between freedom of movement and social protection.

<sup>1</sup> The “Social Investment Package” is a set of proposals, issued at the beginning of 2013 that contains Commission recommendations which are intended to help member states

In her hearing the Belgian politician quite rightly revived the debate about the Posting of Workers Enforcement Directive that has been in force since 1999 (Directive 96/71/EC). This protection provision for workers who are posted abroad on a temporary basis (currently there are about 1.2 million of them) is still a controversial issue in many member states. And yet it might turn out to be a key element in the prevention of what many people fear could be a race-to-the-bottom competition and social dumping.

It was not until May 2014 and after protracted negotiations that the concrete implementing measures for the Posting of Workers Enforcement Directive were brought up to date. On the one hand the compromise increases the protection for workers posted abroad. At the same time the member states are getting more room for manoeuvre when it comes to implementing measures designed to prevent abuse. The member states now have two years to transpose the European directive into national legislation. This is an important task for the Commission, which must ensure the completion of the implementation process.

The political dangers associated with the free movement of people are demonstrated by the current debate in Germany about “welfare abuse” and reforming the Freedom of Movement for EU Citizens Act. The amendment of the law that has now been submitted for consideration attempts on the one hand to help local authorities with accommodation and heating costs. But it is also concerned to prevent welfare fraud by the imposition of temporary bans on re-entry, by making the submission of false information a punishable offence, and by improving cooperation among the various authorities so as to combat the black economy. A particularly contentious issue is the introduction of restricted residence permits for

to improve the use of budgetary resources in the area of social affairs.

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people who are looking for work. In future non-German EU citizens will be able to stay in Germany for more than six months only if they can demonstrate “that they are still looking for work and have reasonable prospects of securing employment” (see new fig. 1a), §2 para. 2).

This rather problematical state of affairs will be aggravated by the arrival of migrants from non-EU countries.

### Can the Commission Define Social Targets?

Marianne Thyssen has announced some far-reaching changes. Social indicators which have hitherto been treated with a certain amount of disdain are going to be given greater prominence and indeed the same status as macroeconomic ones. This is quite obviously the right thing to do. The imbalance between budgetary surveillance and reporting in other policy areas that is stipulated in the treaties should not lead the EU to neglect its social potential.

László Andor, Thyssen’s predecessor, scored some notable successes. These include five leading indicators which, among other things, measure income distribution. But the Directorate-General for Economic and Financial Affairs is still firmly in control. Steered by the Commission’s Secretariat General it was difficult in the past to mention concepts such as youth guarantee or poverty prevention into the Commission’s so-called country-specific recommendations, that is, into the country reports which the Commission uses to assist member states to attain to better policymaking on the basis of proposals for reform.

These reports are evaluated once a year as part of the economic policy coordination procedure, which is called the European Semester, and subsequently adopted jointly with member states and the Commission. Here the upgrading of social

topics that Juncker has proclaimed is underpinned by the fact that the important “Labour Market Reforms” unit is moving to Thyssen from the Economic and Financial Affairs portfolio. She is also going to be responsible for Eurostat, the Statistical Office of the European Union, which is an important actor when it comes to the development of social policy indicators.

Yet in addition to controls the EU is pinning its hopes on its own (social) growth targets. The so-called Europe 2020 strategy is an attempt to combine macroeconomic developments and structural reform in the member states in a thematically meaningful manner. The strategy is now undergoing a midterm review. The Committee on Employment and Social Affairs of the European Parliament is currently considering 166 amendments to its social affairs provisions. This debate will also reveal the new commissioner’s targets and the way in which she intends to tackle her task.

### What Is Going to Happen With Regard to Youth Unemployment?

The high level of youth unemployment continues to be the biggest challenge by far. Attempts at containment include an employment supplement lasting for four months (“Youth Guarantee”), which will continue to be important. However, the new Commissioner ought to point out that when the €6 billion programme was adopted at the end of 2012, it was not merely a modest and ad hoc response to the crisis on the part of the member states. In the summer of 2014 France and Italy first made their implementation plans effective. They will enable the complicated funding structure of the European Social Fund to make a significant impact. 18 model regions in the EU allow to gather some feedback on the effectiveness or otherwise of the measures that have been adopted. Yet it is an alarming fact that in Italy, for example, a high level of education has ceased to

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decrease significantly the risk of becoming unemployed. It will be an important challenge to demonstrate the effectiveness of European funding, including targeted loans granted by the European Investment Bank.

When all is said and done people expect the new Commissioner to give them some idea of what exactly the “social dimension” of the monetary union is likely to be in the years ahead. Andor, for example, supported the debate about whether or not the Eurozone should have its own budget, and about the introduction of European unemployment insurance scheme.

Marianne Thyssen is going to be rather busy in the next five years.

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### Social Inclusion Monitor Europe

<http://www.social-inclusion-monitor.eu/>

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