



Social policy in the European Union: state of play 2016

Seventeenth annual report

Edited by **Bart Vanhercke, David Natali and Denis Bouget**

Abstract

The 17th edition of *'Social Policy in the European Union: State of Play'* reports on recent EU and national social policymaking, with contributions from leading scholars pointing to a 'crisis', the best term to characterize the EU's present state of affairs. **Tension in the EU has reached an unprecedented level: the migration crises have shown the EU the limits of its decision-making capacity, economic weakness continues to prevail, austerity policies and the badly handled socio-economic Greek crisis have turned populations against the EU – and then came the Brexit vote.** As regards the EU's day-to-day politics, this book maintains that the renewed focus on long-term unemployment is biased towards a 'jobs first' approach, contributing to the EU's Janus-faced approach to the social dimension. It demonstrates that the austerity dogma has led to an erosion of social rights and makes a plea in favour of going 'back to basics' with regard to workers' protection. Reflection and down-to-earth debate on the long-term integration of both EU migrants and refugees is required.

The political reality of the past year demonstrates that the EU project has been too narrowly focused on reciprocity, instead of solidarity. The harsh reality is that the European project can no longer be considered irreversible. The risk of EU disintegration, in a rather detrimental socio-economic context, has never been so real, while politics have been replaced by macro-economic and technical rules. The EU's core values must therefore be reaffirmed with a view to creating a new common sense of purpose, including a more explicit commitment to equitable growth via a European Social Union.

Contributors: Cécile Barbier, Denis Bouget, Sergio Fabbrini, Dalila Ghailani, Anke Hassel, David Natali, Aïda Ponce del Castillo, Sotiria Theodoropoulou, Bart Vanhercke and Bettina Wagner.

Social policy in the European Union: state of play 2016

Chapter highlights

Sergio Fabbrini (University of Rome) assesses how *'disintegration has become a reality'*, referring to Brexit and the major risk of Grexit (chapter 1). The intergovernmental response to the Euro crisis has contributed to the deepening of divisions between Eurozone and non-Eurozone Member States, as well as groups of Member States. Thus, the return to a more intergovernmental approach – in the policies handling refugees, security and decentralized economic policies – has not been effective, instead further exacerbating tension within the EU. Sergio Fabbrini proposes two possible solutions to the process of disintegration in the Economic and Monetary Union (EMU) and the EU. **'Policy differentiation'** entails different clusters of Member States participating permanently in different policy areas with varying levels of integration. **'Constitutional differentiation'** implies the differentiation between the Eurozone countries (forming a 'Euro-political union') and the other Member States. Constitutional differentiation seems highly preferable: *'a Europe à la carte would increase, not decrease, disintegration'*. **The way forward for the EU is 'a process of managed integration and disintegration'**: an integrated Europe with a pluralism of institutional and legal arrangements.

Sotiria Theodoropoulou (ETUI) discusses the **Greek debt crisis**, showing that **while in the end politics triumphed over markets, the Member States failed the imposed solidarity test** (chapter 2). The author calls for completing the banking union, strengthening collective wage bargaining institutions and curtailing the burden on national fiscal policies. The financial aid packages for Greece ditched hope for economic recovery and aggravated the divisions among Member States and the increasingly politicised European Central Bank. While shown to still exist in the EU, this *'current common sense of purpose and solidarity is nowhere near sufficient to take a leap forward towards more supranational integration in a way that would put an end to economic crises'*.

Anke Hassel and **Bettina Wagner** (Hertie School of Governance) present an overview of the EU's twin migration crises (chapter 3). **In 2015, the registered number of first-time asylum applications (1,255,640 vs 562,680) more than doubled, fostering chaotic responses among EU Member States and a failed EU response.** The unprecedented number of refugees combined with opposition to internal EU migration led to an acute political and institutional crisis: both types of migration *'brought the EU to the brink of its decision-making capacity'*. A key point was the fair distribution of refugees arriving at the EU's outer borders. The refugee crisis led to a paradigm shift in EU and national policymaking: from protection of victims to protection against the threat of terrorism; from equal treatment to restricting family reunification as; limiting access to social security and basic services while facilitating access to labour markets. Asylum-seekers risk being confined to the secondary labour market and crowd out internal EU labour mobility. The age distribution of asylum-seekers points to long-term social challenges during the integration process: the vast majority are between 17 and 35 years old.

Denis Bouget and **Bart Vanhercke** (OSE) discuss the integration of the long-term unemployed into the labour market (chapter 4). Long-term unemployment is decreasing in almost all Member States, but as a result of the financial crisis *'a new differentiation process started between European countries'* in 2008, creating polarisation between Southern countries – with very high unemployment rates in Cyprus,

Greece, Spain and Portugal – and the rest of the EU. Being unemployed for a long time entails a loss in human capital, a higher risk of bad health, disability and psychological problems that erode an individual's capabilities: long-term unemployment has 'scarring' effects. And yet, the harsh truth is that very few countries target long-term unemployment in their employment and social policies. In many European countries, the maximum duration of unemployment benefit is no more than one year. As a consequence, the long-term unemployed are often leaving its victims dependent on social assistance, creating a high risk of poverty and social deprivation, and a loss of self-esteem and disinvestment in society. **The best way to reduce long-term unemployment is to reduce unemployment: 'prevention is better than cure'.**

Aïda Ponce Del Castillo (ETUI) assesses Occupational Safety and Health (OSH) in the EU from a historical perspective, arguing that the Commission's Strategic Framework on the issue is not a real strategy, but a document lacking actual content and depth (chapter 5). Indeed, the Strategic Framework should be designed around real workplace issues and look at other empirical risks, such as those faced by migrant workers, crowdworkers and cloud workers. The author concludes that *'the best way workers can be protected is by going 'back to basics', defining 'a clear set of rules that can be implemented and enforced by Member States, which in turn must not fall into the trap of simplifying for simplifying's sake or of trading safety for profit'.*

Dalila Ghailani (OSE) assesses the **impact of the economic crisis and austerity measures on a variety of economic and social rights** (chapter 6). **She finds that the crisis has severely impacted the right to work, as well as rights to education, healthcare and pensions across EU Member States.** These austerity measures have been criticised by trade unions and human rights organisations and even challenged in national courts. Dalila Ghailani emphasizes that, although it is impossible to measure the full scale of the impact of the crisis, *'the long-term consequences are bound to be disastrous'.*

David Natali (OSE) considers the future prospects for the European project (chapter 7): **business as usual is not an option, since 'the harsh reality is that the EU project is not irreversible'.** **The EU's core values must therefore be reaffirmed with a view to creating a new common sense of purpose.** This should include a more explicit commitment to equitable growth via a European Social Union and a tangible commitment to social investment. Differentiation (or **the EU as a 'club of clubs'**) is not a panacea: a more diversified EU must in any case strengthen its normative foundations. This includes balancing the principles of reciprocity and solidarity. *'So wake up, all of you national and EU policymakers! Now is the time to take the bull by the horns'.*

Cécile Barbier (OSE) completes the volume by chronologically presenting the key events of the past year in the area of social and economic affairs.