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The EU Institutional Framework and the Social Dimension Policies: Barriers, Challenges and Prospects¹

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Abstract

The discussion about the role and the forces around the European social dimension is vast, especially when it comes to the multidimensional challenges that exist and the ways they should be addressed. Firstly, it should be noted that the European Union has been constructed upon a minimalist direct involvement in the field of social policy as it is rather considered a matter of the national welfare states (Leibfried, 2015). This does not mean that there was not central or indirect impact on social policy during the decades of the Europeanization process but that the main consequences have been formed indirectly, thus making them also difficult to be measured. At the same time, the European social dimension is a field of policy which has been impacted by the interrelation between politics, law and markets as long as it is formed under the competition between social policy intervention towards market correction and reinforcement of free movement. Specific tools have been created in order to force convergence also in the Europe 2020 framework, but still more effort is necessary in order to force convergence on the social pillar. This paper examines the current challenges in the European Union (EU) social dimension in order to stress the necessity for alternatives towards enhancing European social dimension.

Keywords: European social dimension; European Union Institutions; welfare state; social policy.

Introduction: the different European welfare states towards the difficult task of European convergence

Welfare state analysis involves different theoretical steps, from the structural institutionalism of the early 1950s and 1960s to the latest institutional recalibration analyses (Pierson, 2001; Hemerijck, 2012). Building on historical institutionalism both Titmuss (1968; 1974) and later, the seminal study of Esping-Andersen (1990), created the most significant welfare categorizations which included the analysis, in a coherent way, of specific institutional elements such as the relations between the state, labor markets, gender and the family. During the 1990s, welfare state analysis and comparative welfare research, used path-dependency analysis in order to identify institutional variables, in the context of globalization, de-industrialization, population ageing and European integration (Esping-

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Andersen, 1990; 1996; Gallie, 2009). Based on this theoretical orientations, several scholars insisted on the existence of a distinct south European-Mediterranean welfare model (Ferrera, 1996; Rhodes, 1996). Moreover, latest analyses study and compare the East European welfare states with the traditional welfare regimes (Fenger, 2007).

After a long period of convergence in the European context, the latest analyses still indicate that there are different parts of Europe in terms of welfare. According to Ferragina et al (2015) there are some important differentiations should we split the outcomes between old and new social risks. Regarding old social risks it seems that two significant groups could be categorized, which could also reflect the problem between the European core and periphery diversion which has been clear during the recent economic crisis of the Eurozone countries. While all welfare states reduce effectively poverty and inequality regarding general population, several differences occur in terms of analyzing the conditions between different societal groups. Hence, the periphery (Mediterranean and Liberal regimes) is characterized by lower replacement rates and higher inequality, than the core countries (Social-democratic and Continental), while Germany seems to be a differentiated case than in the past analyses, as it stands alone. Regarding new social risks (which is an issue that should be included in the analysis of welfare regimes taking into account the structural transformations made), it seems that the traditional clustering is followed but with more similarities on the one hand between Social-democratic and Liberal and on the other, Conservative and Mediterranean (Ferragina et al., 2015).

Attitudes towards welfare state is an issue largely connected with institutional parameters and vice versa. As Kulin and Mueleman (2015) indicate, the level of self-transcendence values is connected with the increased support on governmental intervention but this is more obvious in East-West comparison than in comparison driven merely by social spending. Furthermore, it seems that attitudes towards welfare state are connected with historical experiences and connected with that, differences among age groups exist. These are obvious in the East European welfare states in which the communist history and experiences differentiate attitudes towards welfare state from West European ones as well as between the age groups of the post-communist cases (Kulin & Mueleman, 2015).

The EU institutional framework and the social dimension

While politically the EU was constructed in order to focus on the Europeanization of the economic pillar and keep the social to the national welfare states, the former affected drastically the latter. The multi-tiered polity (Pierson & Leibfried, 1995) which is constructed does not include a strategy for a European welfare state but eroded the sovereignty of national welfare states as a spill-over outcome (Leibfried, 2015). Thus, although social policy is mainly implemented at national level, the national

welfare states are essentially integrated into the multilevel and complex European system of governance and due to its focus on economic and monetary integration, it detaches part of the national sovereignty of the Member States and indirectly influence the way social policy is implemented, leading them towards a semi-sovereign condition (Falkner, 2010; Ferrera, 2005; Hemerijck, 2006; Leibfried & Pierson, 2000; Rhodes, 1998).

Due to the fact that economic activity is not totally separated from social and political institutions (Hall, 1999), social policy integration is reinforced through central actors such as the European Commission, the Council, the European Parliament and the European Court of Justice. The Open Method of Coordination was the tool in order to promote the positive integration dimension. At the same time, the European Court of Justice impose restrictions to national welfare states through market compatibility requirements (Leibfried, 2015). Through these processes *de jure* pressures occur to the national welfare states but what is interesting is that these are effects and not direct social policy implementation. While centrally promoted tools such as the Social Protocol of 1993, the Social Charter of the 1980s and the recent of 2017, are important towards the implementation of positive integration along with the inclusion of social dimension, their contribution has been less practical than legislative activity through certain directives which lead towards the federalization of EU social policy (Leibfried & Obinger, 2008). Especially, the Social Chapter in the Treaty of Amsterdam in 1997 has expanded the anti-discrimination framework of EU policies (Leibfried, 2015).

However, as it has already been mentioned, the EU social dimension is not just a corrective framework for the market but a part of it. Due to the fact that in the central level the direct intervention is rather limited, the ECJ, through relevant caseload, has been quite intervening on national social policies. This is also clear as long as social policy, after agriculture, is the second issue on demand for ECJ decisions (Leibfried, 2015). Freedom of movement and services are the main pillars which drive ECJ and thus have consequences on national social policies as more powers are given to this instrument (Kratochvíl & Sychra, 2019), raising also concerns about the democratic deficit that they entail.

It turns out that there is a dynamic effort in order to keep a balance between national reforms towards privatization or activation and single market convergence. This strategy is implemented either through EU regulations or ECJ decisions, creating crucial constraints on national social policy. While this balance aimed to keep old welfare measures with single market convergence and the enforcement of the private sector, the replacement of old welfare measures with active welfare policies was also promoted through localization as well as the empowerment of the third sector, of voluntary organization and of the private sector (Andreotti & Mingione, 2016). This strategy was introduced in

order to address more effectively the challenges that the single market (the harmonization of tax systems, the EMU and the Maastricht criteria) and the multidimensional transformations (changes in production, employment, public utility role of the state) pose to the national welfare states. Also, due to a) the EU structure that has weak central capacity for social policy and b) the reform limitations of ECJ rulings and EC initiatives, the pressures to the national welfare states were addressed through localization and/or activation strategies. However, the effectiveness of the localization strategy in the social policy sector is not horizontal and depends on the institutional efficiency-decentralization of the welfare regime, the funding capacity as well as the professional-organizational capacity (Andreotti & Mingione, 2016). Taking into account the interstate and intrastate inequalities across the EU, it turns out that localization strategies without strong central welfare system will sustain or increase the social or territorial inequalities.

The strategy Europe 2020 and its role in the convergence efforts

The strategy ‘Europe 2020’ was an important European mode of governance that tried to achieve specific targets in specific policy fields. Its analysis in order to be comprehensive should include the philosophical as well as the organizational part, in an attempt to combine the underlying values with its structural-organizational characteristics.

In terms of the governance “philosophy” of the Europe 2020, it should be firstly emphasized that the main value which characterize the implemented policies is growth (Daly, 2012). While there is a clear emphasis on addressing the problems of poverty and social exclusion, the way that this objective is presented and implemented is rather market focused. This is a normal outcome as growth is a value which is directly connected with market-oriented institutions (De Haan, Lundstrom, Sturm, 2006). At the same time, efficiency as well as reforms, which are the other two crucial objectives, are also values which reflect the opinion that the welfare state is more a mechanism of management of the social risks rather than a direct intervention framework for protection against poverty risk (Daly, 2012). This is clear also by the fact that Europe 2020 is not a framework which addresses poverty by using redistributive measures while the three dimensions of poverty included create a rather vague yet difficult to monitor and protect framework. Accordingly, while some steps have been made in order to include elements from the social investment theory, which focus on the preparation of the society and individuals for various multidimensional transformations (Vandenbroucke, Hemerijck, Palier, 2011), the fundamental theoretical background of the Europe 2020 is liberalism as long as it focuses mainly on growth and the initiatives to a less regulated labor market as a solution to the

poverty and social exclusion problem (Daly, 2012). It is actually a transition from the solidary-communal responsibility to the individual one.

The governance “toolkit” of Europe 2020 is the other important field of analysis. The Europe 2020 strategy is part of the European Semester and is based on flagship initiatives and each of them consists of focused initiatives along with tools and instruments while using eight headline indicators. The member states define their national targets which are in line with Europe 2020 guidelines (6 economic and 6 for employment) and with convergence and stability reports under the Stability and Growth Pact. The European Commission initiates the European Semester and EU leaders determine their stances towards challenges and priorities for the EU. According to Armstrong (2012: 290), the abovementioned structure is more “a coordination of governance” rather than “a governance by coordination”. At the same time, there is a procedure where an equilibrium tried to be reinforced between growth and social cohesion and fiscal contraction. However, what is obvious is the return of non-legislative influence in the field of EU social policy rather than a coordinated intervention towards reducing social problems as long as the social Open Method of Coordination has been vastly diminished (Armstrong, 2012).

Conclusions

Clearly, while specific European tools have been introduced, the European social dimension is still a laggard. Moreover, the economic crisis and the tremendous diversions between North-South and core-periphery have created more challenges for social policy. However, in the EU framework, social policy interventions of the national welfare state are reduced or become more costly. People are either afraid of reductions due to EU convergence or demand more from the EU depending on their situation, even if the EU has limited-specific capacity for action in this field (Beaudeau, 2015). This fear is logical but should be addressed not through populist expressions but with responsible coordinated and needs-assessed central policy making. These perceptions-fears could be also associated with the fact that the national capability reduction in the social policy field was not proportional with EU policy making capacities increase. The latter is a political decision and as the economic crisis along with the ongoing pandemic have shown, it may become one of the most important challenges for the EU that will ultimately determine its future. Concluding, the analysis indicate that while convergence has been generally promoted during the last decades in the European context, there are still important differentiations between the welfare states that should be addressed through the expansion of the Europeanization efforts-tools that have already been introduced in order to address effectively the social problems that have been aggravated due to sequential crises

(economic, migration, pandemic). While the different European welfare models could not be extinct as they depict different political, cultural and economic characteristics, the objective of social problems reduction should become a European issue as well adapted to each specific case-welfare model. However, the return of non-legislative influence in the field of EU social policy rather than a coordinated intervention towards reducing social problems is not a strategy that could foster European social dimension and at the same time keep a balance between social welfare and economic stability. This should be a priority of the EU given the new challenges posed by the pandemic.

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